



THE ANNALIST

A Magazine of Finance, Commerce and Economics

Vol. 4, No. 84

NEW YORK, MONDAY, AUGUST 24, 1914

Ten Cents

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THE COAL AND IRON NATIONAL BANK

OF THE CITY OF NEW YORK
Capital, Surplus and Profits,
\$1,580,000

DESIGNATED DEPOSITORY OF THE
UNITED STATES
CITY OF NEW YORK
STATE OF NEW YORK

MEETINGS AND ELECTIONS.

MOBILE AND OHIO RAILROAD CO.
NOTICE IS HEREBY GIVEN that a Special Meeting of the holders of the General Mortgage Bonds of Mobile and Ohio Railroad Company has been called by the Board of Directors of the Company pursuant to the General Mortgage of May 15, 1888, and will be held at the office of the Company, No. 30 Church Street, City of New York, on Tuesday, September 8, 1914, at twelve o'clock noon, for the purpose of directing the Trustee of said Mortgage how to vote upon all the Preferred Income and Sinking Fund Debentures which have been deposited with it in exchange for bonds secured thereby at the Meeting of the Debenture Holders to be held immediately thereafter on the same day, said Meeting of the Debenture Holders being for the purpose of instructing the Trustee of the Debenture Deed of Trust how to vote the "Assented" shares of the capital stock of the Mobile and Ohio Railroad Company at the Special Meeting of the Stockholders of the Mobile and Ohio Railroad Company to be held in Mobile, Alabama, September 25, 1914, and at any adjournment thereof, to consider, consent to and approve and increase of the bonded indebtedness of said Company in an amount not exceeding \$50,000,000, and for such purpose to consent to, authorize and approve the execution and issue by the Company of not exceeding \$50,000,000 principal amount of the Company's Fifty Year Gold Bonds, said bonds to be issued in lettered series to bear interest at such rate or rates as may from time to time be fixed by the Board of Directors, and all said bonds to be secured by a Mortgage or Deed of Trust upon all the railroad and other real property, leasehold interests, rights, privileges and franchises now owned or hereafter acquired by the Company and such personal property of the Company as may be designated therein, which Mortgage or Deed of Trust shall be in such form and to such Trustee or Trustees and may contain such provisions, stipulations and agreements as shall be approved by the Board of Directors, and to take all such other and further action in respect to the creation of said Mortgage as may come before the Meeting, including approving all action of the Board of Directors in the premises.

The Voting Register of the General Mortgage Bonds will close at three o'clock P. M. on Thursday, September 3, 1914, and will reopen at ten o'clock A. M. on Saturday, September 26, 1914.

By order of the Board of Directors,
A. W. MACKINTOSH, Secretary.
Dated, August 18, 1914.

MOBILE AND OHIO RAILROAD CO.
NOTICE IS HEREBY GIVEN that a Special Meeting of the Holders of the Preferred Income and Sinking Fund Debentures of Mobile and Ohio Railroad Company has been called by the Board of Directors of the Company pursuant to the Preferred Income and Sinking Fund Debenture Deed of Trust of May 1, 1879, and will be held at the office of the Company, No. 30 Church Street, City of New York, on Tuesday, September 8, 1914, at two o'clock P. M., for the purpose of instructing the Trustee of the Debenture Deed of Trust how to vote as holder of the power and authority to vote the "Assented" shares of the capital stock of the Mobile and Ohio Railroad Company at the Special Meeting of the Stockholders of Mobile and Ohio Railroad Company to be held in Mobile, Alabama, September 25, 1914, and at any adjournment thereof, to consider, consent to and approve the increase of the bonded indebtedness of the Company in an amount not exceeding \$50,000,000, and for such purpose to consent to, authorize and approve the execution and issue by the Company of not exceeding \$50,000,000 principal amount of the Company's Fifty Year Gold Bonds, said bonds to be issued in lettered series, to bear interest at such rate or rates as may from time to time be fixed by the Board of Directors, and all said bonds to be secured by a Mortgage or Deed of Trust upon all the railroad and other real property, leasehold interests, rights, privileges and franchises now owned or hereafter acquired by the Company and such personal property of the Company as may be designated therein, which Mortgage or Deed of Trust shall be in such form, and to such Trustee or Trustees, and may contain such provisions, stipulations and agreements, as shall be approved by the Board of Directors; and to take all such other and further action in respect to the creation of said Mortgage as may come before the Meeting, including approving all action of the Board of Directors in the premises.

The Transfer Books of the Preferred Income and Sinking Fund Debentures will close at three o'clock P. M. on Thursday, September 3, 1914, and will reopen at ten o'clock A. M. on Saturday, September 26, 1914.

By order of the Board of Directors,
A. W. MACKINTOSH, Secretary.
Dated, August 18, 1914.

PUBLICATION BY THE MUTUAL BANK
of New York of the moneys remaining unclaimed, in accordance with Section 28, Article I, Chapter 680, of the Banking Laws of 1902, of New York.

1909, Annie Devine, New York City, \$85.84
1909, Jno. H. Duncan, New York City, 78.09
1909, J. H. or Mary McA. Gilman, New York City, 58.92
1904, Lumber Typewriter, New York City, 72.68

State of New York, County of New York, ss.:
Hugh N. Kirkland, being duly sworn, deposes and says that he is the Cashier of the Mutual Bank and that the foregoing statement is true and accurate in all respects to the best of his knowledge and belief.

HUGH N. KIRKLAND, Cashier,
Subscribed and sworn to before me this 24th day of August, 1914.
ROBT. R. GIBSON, Notary Public,
New York County No. 1,318
New York Register No. 8,126.

NATIONAL BISCUIT COMPANY

66th PREFERRED DIVIDEND
The Board of Directors have declared the sixty-sixth consecutive quarterly dividend of one and three-quarters (1 3/4) per cent. on the Preferred Capital Stock of the Company, payable August 31st, 1914, to stockholders of record at the close of business, August 17th, 1914. Transfer books will not be closed.
F. E. BUGBEE, Treasurer.

GENERAL CHEMICAL COMPANY.

25 Broad Street, New York, July 21, 1914.
A quarterly dividend of one and one-half per cent. (1 1/2%) will be paid September 1, 1914, to common stockholders of record at 3 P. M. August 20, 1914.
LANCASTER MORGAN, Treasurer.

E. H. ROLLINS & SONS

Founded 1876

INVESTMENT BONDS

43 Exchange Place

New York

Boston Philadelphia Chicago Denver
San Francisco Los Angeles London

PUBLICATION BY THE NEW YORK PRODUCE EXCHANGE BANK
New York of the unclaimed deposits in accordance with the provisions of the New York State banking law, Sections 134 and 219:

1913—Estate of David John, address unknown, \$65.81
1913—Moses Vardes, address unknown, 152.82
1913—C. Throckmorton, address unknown, 57.46
1912—Katherine M. Rose, 129 West 90th Street, N. Y., 300.00
1914—Mary Pick, 503 W. 124th St., N. Y., 85.05
1914—Edward Hurley, 600 Lenox Ave., N. Y., 300.00
1914—Amanda Wiley, address unknown, 50.00
1914—Anna A. Sprague, 140 West 57th Street, N. Y., 61.96
1914—Harriette Carmichael, 185 West 88th Street, N. Y., 50.00
1914—Edna Valentine Hein, Hotel Ansonia, N. Y., 133.29
1914—Elmer Kramer, 151 West 81st Street, N. Y., 100.00
1914—Paul Mayer, 2,566 Broadway, N. Y., 80.17
1914—Meeting of Hansen, 2,315 Broadway, N. Y., 32.02

State of New York, County of New York, ss.:
JOHN R. WOOD, Vice President, and THOMAS R. NICHOLS, Asst. Cashier, of the New York Produce Exchange Bank, a bank located and doing business in the City of New York, in said county, being duly sworn, each for himself, say that the foregoing report is a full, true, and correct statement of the unclaimed deposits, dividend, and interest not previously reported by the New York Produce Exchange Bank, made in accordance with the provisions of the banking law as shown by the books of said bank on the first day of August, 1914, to the best of their knowledge and belief.

JOHN R. WOOD, Vice President,
THOMAS R. NICHOLS, Asst. Cashier,
Several subscribed and sworn to both deponents on the nineteenth day of August, 1914, before me.

CHARLES G. TOMPKINS,
New York County, No. 10,
New York County Register's No. 6,035.

THE MORTGAGE-BOND COMPANY OF NEW YORK

The following Bonds have been drawn for payment on October 1, 1914, on which date the interest will cease: Series 2, Nos. 31-748-1330-1562-1679-2228-2331-A-611-B-21-B-968-B-3315-B-3790 and will be redeemed at par with interest to that date, upon presentation at any of the following places for payment:

In New York—At the office of the Mortgage-Bond Co. of New York, or at the office of Ladenburg, Thalmann & Company.

In London—At the Banking House of Coutts & Company.

In Paris—At the Banque de l'Union Parisienne.

In Hamburg—At the Banking House of L. Behrens und Sohne.

In Berlin—At the Bank fur Handel und Industrie.

In Amsterdam—At the Administratiekantoor Broes & Gosman c. s.

MEETINGS AND ELECTIONS.

NEW YORK, ONTARIO AND WESTERN RAILWAY COMPANY.

Notice is hereby given that the Annual Meeting of the Stockholders of the Company for the election of Directors and Inspectors of Election will be held at the New York City, on Wednesday, the 30th day of September, 1914, at ten o'clock in the forenoon, at the office of BLAU, ZALKIN & COHEN, attorneys, No. 141 Broadway, Borough of Manhattan, City of New York, for the purpose of voting on a proposition that the corporation be forthwith dissolved, pursuant to Section 221 of the General Corporation Law of the State of New York, as recommended by the Board of Directors at its meeting on August 10th, 1914.

Dated August 18th, 1914.
ABRAHAM L. GOLDBERG, Secretary.

By order of the Board of Directors,
R. D. RICKARD, Secretary.

TO THE STOCKHOLDERS OF ALDERSON & ROTHMAN, INC.

YOU ARE HEREBY NOTIFIED that a special meeting of the stockholders of ALDERSON & ROTHMAN, INC., will be held pursuant to the order of the Board of Directors of said corporation, on the 12th day of September, 1914, at 10:00 o'clock in the forenoon, at the office of BLAU, ZALKIN & COHEN, attorneys, No. 141 Broadway, Borough of Manhattan, City of New York, for the purpose of voting on a proposition that the corporation be forthwith dissolved, pursuant to Section 221 of the General Corporation Law of the State of New York, as recommended by the Board of Directors at its meeting on August 10th, 1914.

Dated August 18th, 1914.
ABRAHAM L. GOLDBERG, Secretary.

OFFICE OF READING COMPANY.

The Board of Directors has declared from the net earnings a quarterly dividend of one per cent. on the First Preferred Stock of the Company, to be paid on September 10, 1914, to stockholders of record at the close of business August 25, 1914. Checks will be mailed to stockholders who have filed dividend orders with the Treasurer.

JAY V. HARE, Secretary.

OFFICE OF FEDERAL MINING AND SMELTING CO.

22 Broadway, New York, August 18, 1914.
A dividend of one (1%) per cent. on the Preferred stock of this Company has today been declared, payable September 15th, to stockholders of record at the close of business on August 22nd, 1914.
FRANK SWEENEY, Secretary.

Hodenpyl, Hardy & Co.

Investment Securities

14 Wall Street
New York

First National Bank Building
Chicago

A Good Dividend Payer The Preferred Stock of the American Public Utilities Co.

If purchased now will
Yield More than 8%
Company is one of the strongest in the country, serving 625,000 people in 30 different cities with gas, electric light, heat and transportation.
Dividends Paid Quarterly
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Bankers, Engineers, Operators
Grand Rapids, Michigan

EDWIN WARFIELD, President. Henry B. Platt, Vice-Pres. Jos. A. Firm, Vice-Pres. FIDELITY & DEPOSIT COMPANY OF MARYLAND

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S. D. Scudder, Vice-Pres. & Treasurer
R. J. Willingham, Jr., Secretary

BONDS FOR INVESTMENT ERVIN & COMPANY Members New York Stock Exchange Philadelphia Stock Exchange Drexel Building, Philadelphia Branch Office, 206 Real Estate Trust Bldg.

FIRST NATIONAL BANK Richmond, Va. Capital and surplus, \$3,000,000 Resources over, 18,000,000

ANNALIST BINDER

For the convenience of ANNALIST readers, an attractive, substantial binder, neatly lettered in gold, will be delivered to any point in the United States, postage prepaid, at actual cost—\$1.25.

THE ANNALIST, Times Square, N. Y.

The Peoples Gas Light & Coke Company

Notice is hereby given that a dividend of Two Per Cent., being the quarterly dividend at the rate of Eight Per Cent. per annum, has been declared on the capital stock of the company, payable August 25th, 1914, to stockholders of record at the close of business on August 1st, 1914.

Chicago, July 21st, 1914.
L. A. WILEY, Secretary.

THE CUBAN-AMERICAN SUGAR CO.
A dividend of one and three-quarters per cent. (1 3/4%) has been declared on the Preferred Capital Stock outstanding, payable on October 1, 1914, to the stockholders of record at the close of business on September 15th, 1914. Checks for the payment of dividend will be mailed. Transfer books will not be closed.
ALBERT J. AKIN, Secretary.
Dated New York, August 19, 1914.

Investors Guide

This Bank has prepared a booklet concerning **First Mortgage City Center Gold Bonds**. Investors who desire up-to-date and valuable information regarding this form of first mortgage investment will find the pamphlet of great interest. We will be glad to furnish a copy complimentary upon request.

Ask for Booklet A-21

GREENEBAUM SONS BANK AND TRUST COMPANY Founded 1855 Capital \$1,500,000 N. E. Cor. Clark & Randolph Sts. Oldest Banking House in Chicago—A State Bank.

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\$100—7% Bond Shares

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CONDITION JANUARY 1, 1914.
Mortgages\$417,358.60 10.6%
Bonds, etc. 703,510.71 17.8%
Capital1,757,040.40 44.5%
Surplus & Reserve...1,067,742.94 27.1%

Resources.....\$3,945,652.65 100%
ASK FOR CIRCULAR A.

New York Realty Owners 299 Madison Ave., New York

HENRY CLEWS & CO. 11, 13, 15, 17 AND 19 BROAD ST. MEMBERS N. Y. STOCK EXCHANGE Stocks and Bonds bought on a cash basis, also carried on conservative terms when the Exchange requires. Deposit Accounts received subject to check at sight. Interest paid on daily balances. LETTERS OF CREDIT Issued available the world over.

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THE NEW YORK AIR BRAKE COMPANY

Forty-seventh Quarterly Dividend.
The Board of Directors has this day declared a quarterly dividend of ONE AND ONE-HALF PER CENT. (1 1/2%) payable September 25, 1914, to stockholders of record at the close of business September 3, 1914. The transfer books will not close. Checks for dividend will be mailed to stockholders at the addresses last furnished to the Transfer Office.
C. A. STARBUCK, President.
New York, Aug. 10, 1914.

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A Magazine of Finance, Commerce and Economics

PUBLISHED EVERY MONDAY MORNING

BY THE NEW YORK TIMES COMPANY

Publication Office.....Times Square

Address all communications

THE ANNALIST.

SUBSCRIPTION RATES:

By mail, postage paid, per year.....	\$4.00
By mail, postage paid, six months.....	2.00
By mail, postage paid, three months.....	1.00
Single copies.....	.10
To foreign addresses, per year.....	5.50
To Canadian addresses, per year.....	5.00

Entered as second-class mail matter.

NEW YORK, MONDAY, AUGUST 24, 1914

BOTH Congress and the Administration, it would seem, are in need of the admonition to make haste slowly. It became increasingly apparent last week that the steps being taken to meet the emergency in trade growing out of the European war were in danger of venturing on unsafe ground. Particularly was this true of the proposal that the Government should go into the shipping business on a large scale. Ships are greatly needed for the transport of commodities which we would sell to Europe and which we must sell to Europe if we are to safeguard ourselves against heavy drafts on our gold supply, but the more urgent the demand for ships may become the more certain it will be that private enterprise will supply all the ships that may be needed, under our flag if our laws are so framed as to encourage the investment of American capital in that field of enterprise, or, if not, under foreign flags.

THERE are cogent political reasons why the Government should not itself engage in the shipping trade at this time, and there are also business reasons aplenty why the Government should not do so. The resources of the Government can be better devoted to other ends, there being no room for doubt that a plentiful supply of ships will offer themselves for cargoes as soon as the necessary credit arrangements are made and insurance provided. Certainly would this be so if the change which has already been made in our shipping laws suffice to convince American shipping interests that permanent advantage will be gained by placing ships under the American flag.

THIS pre-eminently is a time to encourage private enterprise and initiative, and the entrance of the Government into the shipping business in competition not only with foreign ship owners, but with American ship owners as well, would hardly serve to spur on private capital to further ventures in this field. The same criticism would seem to apply against some other legislation proposed at Washington, particularly anything in the proposed anti-trust laws which would tend to check instead of to encourage energetic pursuit of such trade opportunities as are now offered to this country. Any time taken to consider thoroughly the collateral effects of legislation designed to meet the emergencies of the present situation will be time well spent.

THIS is true not only of trade legislation but of fiscal legislation as well. It has been suggested that instead of imposing any new taxes at this time the Government might resort to the sale of one-year

certificates, if need be, to make good the loss in revenue which will be brought about by the war. The condition of the Treasury does not suggest that the question of new taxation is an extremely urgent one, and the resort to a temporary loan, if that were called for later on, would afford the time required to give mature thought to the amount and form of any new taxes. It would afford time, too, for careful study of the economies which could be effected with a view to meeting this emergency by reducing expenses instead of increasing taxation. That is the way the thing should be done. The Government would be serving a very useful part in setting an example of economy not only as a specific antidote for the extravagance of the recent past, but as a precaution against the needs of the future.

FOR a variety of reasons the pioneering spirit is not as strong in this country as it once was. The occasion calls for a re-awakening of that spirit where it has slumbered and a strengthening of it where it has lagged. Individually and as a Nation we need in the face of the vast destruction which is going on in the world to be spurred to increased endeavor that through our activities in fields which others have abandoned or through the broader development of those we already have entered upon, we may supply for ourselves as much as possible in the way of offset to the losses which this war will inevitably bring upon the world.

DISCUSSION of the question whether to pay gold abroad or not to pay it was waged actively all last week. It was argued by some that no other country is meeting its obligations and that self-protection required that we should not meet ours. That is neither a literally true statement of fact nor a sound argument. England and France admitted the inability of their bankers to meet their acceptances promptly, and each of those countries formally declared a moratorium. We have done nothing of that sort and feel under no necessity of doing so. But we would be resorting to the practice of a moratorium without admitting its form were we to refuse to pay promptly our obligations on the other side as they become due. We must choose one course or the other. As it happens in this instance honor and material advantage lie on the same road. The ultimate advantage of having met our obligations without question will vastly outweigh the temporary disadvantage of having to yield a little more gold until such time as the tide of trade turns sufficiently in our favor to even accounts between ourselves and the European markets.

MR. SCHIFF is right in maintaining that we must meet our obligations abroad promptly, in gold if need be; he and other bankers are right in contending that we must draw as little as possible upon our gold resources for this purpose. All that we have to do is to fill the gap between now and the time when the shipping of grain and of many other commodities, particularly food commodities, will be making exchange with which to meet our maturing obligations. That task is by no means beyond our resources. It should not be beyond our willingness to pay our debts when, where, and as due, even if that, under the extraordinary circumstances of the present, entails some sacrifice. We would be sacrificing still more were we to refuse to pay in gold, while we were still amply able to

pay in gold. We need not resort to any unwonted expedients to do that. There are ways in which vast sums of gold could be provided in this country without drawing on our bank reserves, but the methods by which that could be accomplished might be too slow to serve the needs of the present situation. But the banks could spare more from their reserves if need be, and if the co-operation of the Treasury were obtained in dealing with this problem of international payments the task would be rendered comparatively simple. We should not be Quixotic about the matter. We should not pay now obligations which can honorably and sensibly be postponed, but, on the other hand, we should unhesitatingly pay without question any obligation which comes due and upon which payment is demanded.

IT is accepted as a fact in financial circles that the City of New York will have to undertake some important financing in some form before the close of this year. The fact that it has large amounts of short-term obligations maturing abroad at a time when cash is wanted by the lenders rather than a renewal of loans makes this practically imperative. The occasion presents for the city at once a problem and an opportunity. It must deal with the one; it should not neglect the other. Financing through short-term obligations in recent years has been carried to excess by all sorts of borrowers, municipalities, railroads, and corporations generally. This is a good time to lay down a programme of reform in this matter. If in the case of New York City larger provision in the annual budgets for the retirement of debt is the only practical means of doing away permanently with the large short-term borrowings, then that method should be adopted. There is little room to doubt that savings could be effected in other directions which would offset the amounts devoted in the budget to this important result of reducing floating debt, but if it should be that a net addition would have to be made to the budget to carry out this object, that would serve in very practical fashion to bring home to the taxpayers the fact that these borrowings have in recent years grown to overlarge proportions.

FROM the letter of transmittal accompanying Part IV. of the Bureau of Corporations' report on the lumber industry:

The changes in the methods by which these price activities have been carried on since 1906 were admittedly due to fear of the enforcement of Federal and State anti-trust laws. As a rule, in recent years, greater care has been taken to keep the associations technically clear from the charge of concerted restriction of output than there has been to cover up their actions in the matter of price lists. The lumbermen active in these practices have known all along the illegal character of both of these forms of activities; and the subterfuge of changing the name but not the nature of the price lists and the name but not the essential character of the committees which compiled them appears to have been adopted, at least by some associations, as a result of legal advice.

This of course is an ex parte statement and must be considered as such, but the charge which it contains is fully as grave as a direct violation of law. Legal advice which directs itself to the observance of the letter of the law merely, without any regard to the spirit of the law, is an insidious evil. It is an evil, however, there are many reasons for believing, which is less common now than formerly. The Sherman law has been rendered not only a more reasonable law by interpretation, but a vastly more efficient law than it was before Chief Justice White's notable decision was written.

Relevant Annotations

By The Onlooker

IT remains for the psychologist, if he can, to tell us why people pretend to disbelieve in war and yet both glorify and practice it.

No civilized country can teach the history of itself to its youth without glorifying the wars of their fathers. It begins in the elementary textbooks, and even before that in the story books. Who was the Father of his Country? George Washington, a General, victorious in war against tremendous odds. Fancy beginning the narrative of this country's liberation with such assertions as that the Revolutionists were a lot of wild, blood-lusting men who involved themselves and the American colonists in a war with England, reckless of the fact that war is immoral and unnecessary and altogether unprofitable, and that if the Thirteen Colonies had remained at peace with the mother country it would have been much better in the end!

But, of course, you say, that was a righteous war. There is such a thing as intolerable provocation. A war in self-defense, a war of liberation, a war for the rights of man—those may be righteous wars.

That leaves us worse off for argument than before.

True, there is such a thing as righteous war, and will be so long as people other than ourselves are capable of unrighteousness, in our point of view, but one must see that when one has admitted the righteousness of war at all, on any ground, he has admitted pretty nearly the whole case of war, because there is no such thing as an unrighteous war, taking it from the point of view of those who engage in it.

Only a few weeks ago our own country, now boasting of its hold upon peace and feeling somehow morally superior to the war-crazed people of Europe—we ourselves adopted force in Mexico, sacrificed lives to take the Custom House at Vera Cruz, and were prepared to do battle with a man named Huerta. That seemed to us to be a necessary and righteous thing to do, and we did it sorrowfully, but it was the beginning of war, (happily averted,) and might have cost thousands of lives on both sides. We thought it a proper thing to do. We justified it to ourselves, or we couldn't have undertaken to do it; but the Mexicans, at least a great many of them, and almost certainly a very large majority of them, thought very differently, and were perhaps as unready and unable to see the righteousness of it as France is to see the righteousness of Germany making war upon her, or as Germany is to see righteousness in the cause of the Allies.

Germany may be both wrong and blind, but she has simply got to believe in the justice of her cause, else war would be impossible. The spectacle of the German Socialists themselves going to war, willing to shoot down other Socialists from France, all of whom were for peace in theory independently of economic and racial lines—what does that signify?

The French Revolution, 100 years ago, was thought to be an event of tremendous auguries for the people. It was the coming of the people into their own. The people thereafter should rule, and never again would two Kings be able to send their subjects into a battlefield, as Carlyle said, to shoot the souls out of one another. People were under the delusion, you see, that

Kings made war. Then came the uprising of the masses in many directions, especially in England, and after that rose socialism, the most important movement, perhaps, of the last century. It was opposed to war, and proposed to keep peace in the world. But what has happened? Socialism has failed to keep the peace, and three Kings are said to have plunged Europe into the greatest war in the history of Western civilization. They didn't, though. They were but the agents, the instruments, the helpless leaders. One does not have to go so far as Tolstoy, who eliminated the personal equation entirely, to be able to see that Kings and Emperors cannot make war alone, nor at all, save in obedience to an urge so much greater than themselves as perhaps to sweep them all away.

The world has been ruled by strength since man possessed it, and though that may change in time, it will require a great deal of time, indeed, so that for the present it is enough to say that there is no substitute for it. Indeed, it is impossible to teach the history of civilization itself without glorifying war and the heroism of war. Man has had to fight for his place in the sun, for his liberties and for his economic rights.

Assume the Slav peril really to exist. What then? The Slavs are people with emotions and traditions and wants and qualities, as other people are, and yet they are dammed up, nearly 200,000,000 of them, on an inhospitable soil, practicing industry, frugality, and reproduction. Fancy their saying to Europe, "Please, we want a place in the sun!" Would they get it? Certainly not. When they are strong enough, then they can get it—by taking it. They think they have a right to fight for it, and the German Emperor thinks he has a right to resist, believing, no doubt, that in doing so he is the servant of all Western civilization and protects it against a rising tide of semi-Asiatics. The consequence is war.

THE economic consequences of war, of course, are terrific and dreadful, and yet, like the nature of war itself, they are misrepresented. The account is all one-sided. It shows only the loss—the loss in lives, in money, in wealth and from arrested production. The gains are something. It is even possible to show that a great many people have been better off after every great war than was ever their case before. For one thing, people learn how to economize. Hardly had the European war broke out when English statesmen began to urge the English housewife to utilize potato peelings, in which there is much nourishment which ordinarily goes to waste. Nobody likes to think of subsisting upon potato peelings, and yet, if the English housewives for a generation past had utilized their potato peelings, and saved in other ways to correspond, England would probably have most of the money there is in the world. The personal saving, voluntarily and involuntarily, practiced during war would probably go a long way toward paying the statistical cost of the war if it could be estimated. People are brought down suddenly to a realization of what the absolute necessities are, and afterward for many years they remember and are more frugal. Now, frugality may

not be the highest virtue in the world, may be not a virtue at all, for that matter, but all the same it has to be counted as an important, if incalculable, offset against the tangible and statistical cost of conducting war.

Herein lies some explanation of a phenomenon of recurring experience. It is the amazing rapidity with which people often recover from the devastating effects of war.

WE make believe to deny and ignore the physical basis of existence.

A group of men and women are being escorted through the Washington Navy Yard. A huge piece of metal is mounted in a lathe, for turning and boring, and the mere handling of material in so large and symmetrical a mass is fascinating. One of the women asks:

"What is that?"

"That," says the officer in charge of the party, "is a new 16-inch gun."

"What is it for?"

"For the battleship Florida."

"But what is that for?"

"Why, that is our navy, the second or third greatest in the world."

"Yes, and why do we have a navy?"

"For national protection," the officer says. "To keep the peace."

It is all polite, quite bloodless, and free from horror, and yet the gun is designed for no other use in the world than, in case of righteous necessity, to blow at one shot hundreds of souls away.

But if one of that party saw a savage sitting in his hut poisoning the tips of arrows to kill other savages with, why, it would seem savage, indeed, and he should be pitied for not knowing the advantages of peace.

LET us agree that the man who, on the outbreak of war, deliberately impounds or withholds food from the common supply, expecting a rise in prices, is selfish beyond hope of redemption. Then let us be candid enough to admit that such a man does not always keep a retail butcher's shop or a vegetable stall, run a wholesale packing house or own a flour mill, or get his living buying and selling grain on the Board of Trade. He exists everywhere. He lives in a New York apartment or in a suburban home, and buys several barrels of flour where he never bought more than a few pounds at one time before, or where, perhaps, he never bought any before, taking in his bread from the baker; and he makes room, besides, for a barrel of sugar, ten hams, much bacon, and other imperishable stores. Now, he is impounding food, for a selfish purpose, just as much as the wholesale dealer who raises prices to arrest demand, expecting to reduce sales for the present and gain a higher profit later.

Last week the Socialist Party of America issued a proclamation calling upon the Government to seize the packing houses, cold storage warehouses, granaries, flour mills, &c., for the benefit of all consumers of food. There was no suggestion of seizing the farmers who produce the meat and grain, though, unless that were done, the Government might find itself with all the packing houses, cold storage plants, granaries, &c., and nothing to put inside of them.

A farmer who was intending to market a few hogs and a cow or two hears of war, and decides to wait, because, like everybody else, he thinks prices will rise. Multiply him by thousands, and you begin presently to realize a shortage in food receipts at the primary centres. And it is important to consider that the inevitability of

this happening begins to produce effects beforehand, everybody anticipating a shortage and behaving accordingly, even like the flat dweller or the suburbanite.

It is obvious enough why a war puts a money premium upon food commodities as against all others. Armies of men, suddenly transferred from production to destruction, have at the same time to be fed. That effect being so widely expected and so inevitable, prices begin to rise even before the actual shortage begins to be felt. You look at a particular case, as at meat or grain, and say, "There is no reason for that to go up, because there is as much as before and the war is only a few days old"; but people are already behaving in a certain way, and are hoarding or impounding or withholding food, for selfish reasons. If it were possible for the Government to prevent prices from rising, then it would have ultimately to regulate the quantities of particular food commodities that an individual could buy. Without Government interference, prices regulate those quantities, and as one thing becomes dear people leave off buying it and buy substitutes, or buy less of it and more of something else, as, of course, they wouldn't do, if prices did not rise. Beef, for which ultimately there will be a very great war demand, went up rapidly in New York, in anticipation of that demand, while poultry, fish, and vegetables, which George W. Perkins recommended as substitutes for beef, did not go up. Consumers have a more powerful remedy in their own hands than the Government can possibly apply. If the beef packers put the price of beef too high and consumers begin to leave off buying it, it will come down again; and if people will not pay the delicatessen man his price for imported cheese, he cannot sell it. Some of the trouble is that consumers have been in the habit of buying what they wanted irrespective of the price, and expecting the Government to keep the cost of living down.

Onlooker

Nation's Decreasing Income

The Cloud of the European Conflict Spreads Over the Finances of a Country at Peace and Leads to Talk of "War Taxes" Here — Customs' Large Share in Our Total Revenues

THE United States is living considerably beyond its income, and the authorities at Washington are beginning to talk of special taxes to bring the revenues up to expenditures.

The great European war has upset all calculations for every line of business, and has already imposed unlooked-for burdens on almost every individual and corporate enterprise. It is not strange that it has overturned the estimates of Congress for the national budget, or for what with us passes for a budget. Both customs receipts and internal revenues have shown a big shrinkage since the outbreak of war, the customs because of the interruption of shipping and the closing of the German and Austrian ports, and the internal revenues because of the lessened sales of tobacco and liquors for export.

The Treasury Department statement of Aug. 17 reported customs receipts for this month of \$11,519,000, a decrease of \$5,240,000 from the total for the first 17 days of August a year ago. The internal taxes were \$12,945,000, a loss of \$1,224,000. The Government payments made on Aug. 17 were \$8,277,000, an excess of \$2,113,000 over that day's receipts.

A BIG DEFICIT

Not all of that loss can be traced to the war. The United States had a higher schedule of customs in effect a year ago, and a certain shrinkage was expected when the lower rates went into effect. Yet the loss by reason of the smaller consumption of dutiable articles is so serious that Wash-

ington expects the year's receipts to fall short of expenditures by between \$50,000,000 and \$60,000,000. The difference it is planned to make up by special or increased taxes. These may be collected through a return to the stamp tax, resorted to during the Spanish war, or by the infliction of heavier taxes on spirits and tobacco, or by a union of the two. An increase on the income tax has also been talked of.

While it is hardly to be expected that Great Britain, France, and Russia will be able to export during the continuance of the war as much as in times of peace, the output of many industrial plants being curtailed by the armies' heavy draft on employes, the mastery of the sea which the Allies should be able to maintain insures a reasonably free movement of commerce to and from those nations. Germany and Austria are almost completely cut off from other countries, and imports from them have ceased. To the extent to which revenues have been obtained from duties on goods brought here from Germany and Austria, the customs receipts may be expected to lose heavily.

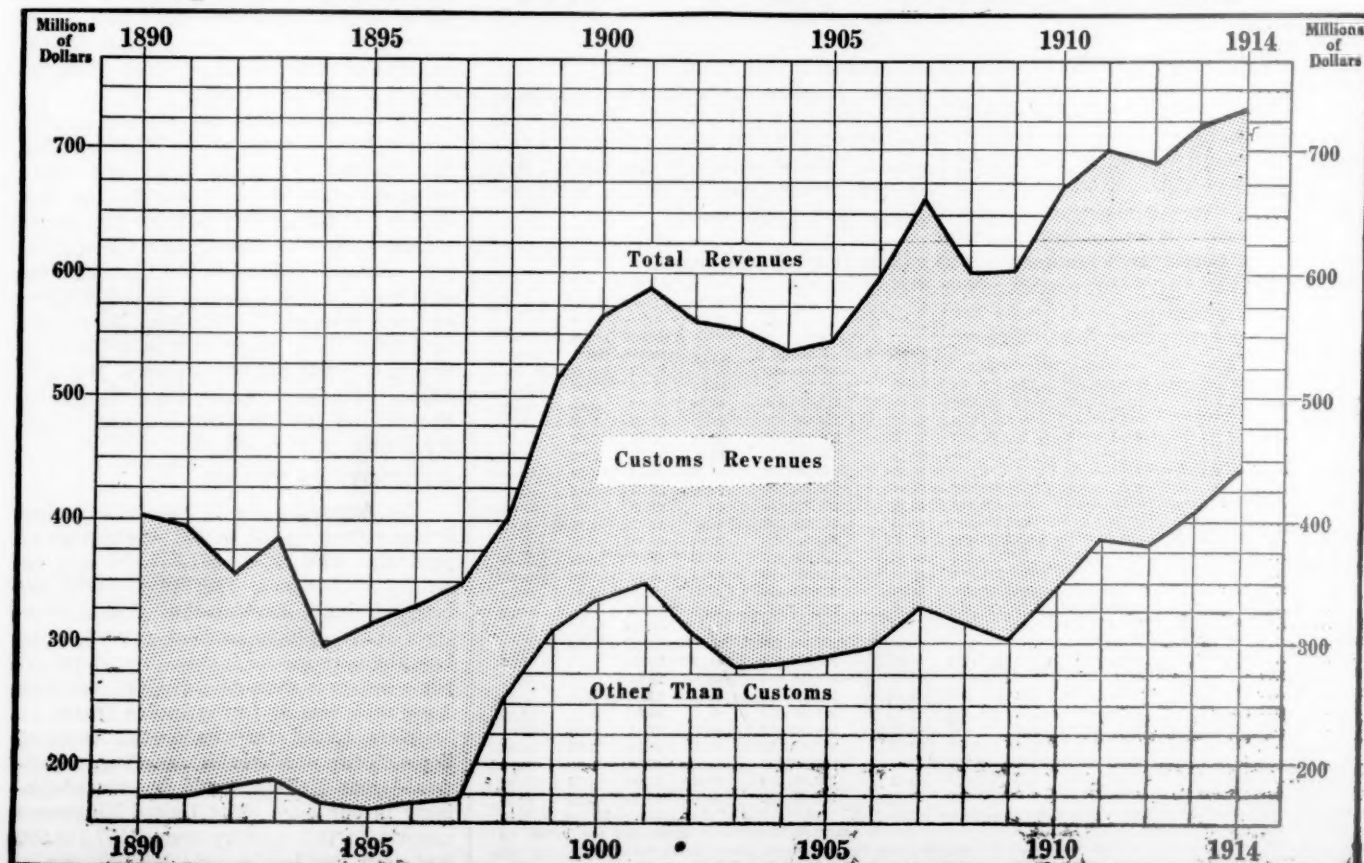
MAIN SOURCES OF REVENUE

The principal items in customs receipts for 1913 were the following:

On chemicals, oil and paints, \$13,017,000; on earthenware and glassware, \$11,385,000; on metals and manufactures of, \$20,513,000; on wood and manufactures of, \$3,408,000; on sugar, molasses and manufactures of, \$53,481,000; on tobacco and manufactures of, \$26,748,000; on agricultural products and provisions, \$27,754,000; on spirits, wines and other beverages, \$19,475,000; on cotton manufactures, \$11,061,000; on flax, hemp, and jute, \$48,911,000; on wool and manufactures of, \$25,833,000; on silks and silk goods, \$14,811,000; on pulp, paper and books, \$5,091,000; on sundries, \$30,758,000.

Statistics of the proportion of these revenues paid on articles from Germany are not available for the past year, but the important share of revenues from that source

Import Duties' Share of Government's Income



is suggested by the values of the imports from Germany. For the fiscal year ended June 30 last, the values of the principal imports from that country were:

Art works, \$1,970,000; chemicals, coal tar colors, \$5,965,000; knit goods, \$5,273,000; laces, edgings, trimmings, \$5,903,000; earthen, stone and china ware, \$4,158,000; furs, \$4,324,000; hides and skins, \$5,392,000; india rubber, \$3,614,000; leather gloves \$4,196,000; paper, \$1,416,000; still wines, \$1,018,000; tin, \$1,574,000; toys, \$7,718,000; wood pulp, \$2,683,000; cloths, \$3,065,000, and dress goods, \$1,190,000.

Germany is losing a valuable customer in the United States, while the war prevents exports; the articles enumerated above had a total value of \$60,000,000, but the United States loses still more by the interruption. All told, our imports from Germany last year amounted to \$188,963,000, of which \$67,639,000, or 36 per cent., were admitted free of duty. We exported to Germany \$331,684,000, an excess over imports of \$142,721,000.

Imports are divided into two classes: Those which are at once taken from the piers to go into commerce, and those which are put into bonded warehouses, where they pay no duties until they are withdrawn. With the interruption to shipping the revenues from the former class were at once reduced, while the duties on goods withdrawn from the warehouses began to increase. The deficiency in imports will be made up by withdrawals from the warehouses so long as the goods in bond last.

DECLINE AT NEW YORK

The decline in revenues from the partial paralysis of overseas commerce is felt most keenly at New York, into which port most of the German dyes, chemicals, toys, &c., have been coming. In the table below are shown the duties paid day by day since the outbreak of hostilities. The first column shows the revenues from goods entering at once into consumption; the second the duties on goods withdrawn that day from bonded warehouses:

IMPORTS AT NEW YORK IN AUGUST.

	Entered for Consumption.	Withdrawals from Bond.	Total.
Aug. 1, Saturday.	\$219,097	\$129,970	\$349,067
3	437,323	147,019	584,342
4	624,553	236,327	860,880
5	489,553	254,628	744,181
6	472,995	311,633	784,628
7	265,440	334,558	599,998
8, Saturday.	128,023	146,307	274,330
10	81,579	357,142	438,721
11	164,246	358,849	523,095
12	345,180	302,452	647,632
13	243,852	279,629	523,481
14	167,448	234,554	402,002
15, Saturday.	83,882	154,680	238,562
17	120,801	204,118	324,919

IMPORTED MERCHANDISE ENTERED FOR CONSUMPTION:

Values, duties (total and per capita), and ad valorem rates, 1890 to 1914.

Year Ended June 30—	Values.			Free. P. C.	Duties Collected.*	Average Ad Valorem Rate of Duty on—		Duty Collected Per Capita.	Imports Per Capita.
	Free.	Dutiable.	Total.			Dutiable.	Free and Dutiable.		
1890	\$258,136,929	\$507,571,704	\$765,708,633	33.71	\$225,317,076	44.39	29.59	\$3.60	\$12.16
1891	379,028,079	406,455,173	845,483,252	44.83	215,790,686	46.26	25.65	3.40	13.24
1892	448,771,102	355,526,741	804,297,843	55.79	173,097,670	48.60	21.65	2.67	12.26
1893	432,450,474	400,282,519	832,732,993	51.93	198,373,452	49.56	23.79	3.00	12.55
1894	372,461,955	257,645,703	630,107,658	59.11	123,881,838	50.00	20.56	1.92	9.32
1895	376,880,100	354,271,990	731,152,090	51.55	147,901,218	41.75	20.44	2.17	10.61
1896	398,897,523	390,796,561	789,694,084	48.56	156,104,598	39.95	20.67	2.23	10.81
1897	381,902,414	407,348,616	789,251,030	48.39	171,779,194	42.17	21.80	2.41	11.02
1898	291,534,005	295,619,693	587,153,700	49.05	144,258,563	48.80	24.77	1.99	8.05
1899	290,068,977	385,772,915	675,841,892	43.72	200,873,429	52.07	29.48	2.72	9.22
1900	306,759,922	463,750,330	830,510,252	44.16	228,364,556	49.24	27.62	3.02	10.93
1901	329,065,256	468,670,045	897,735,301	41.98	232,641,499	49.64	28.91	2.96	10.25
1902	396,542,235	503,251,321	899,793,556	44.01	250,550,428	49.79	27.95	3.13	11.18
1903	437,290,728	570,689,382	1,007,980,110	43.38	279,779,587	49.03	27.85	3.42	12.28
1904	454,153,100	527,690,459	981,843,559	46.26	257,322,559	48.77	26.29	3.08	11.73
1905	517,073,277	570,044,856	1,087,118,133	47.56	257,898,130	45.24	28.77	3.08	12.74
1906	548,635,794	664,721,885	1,213,357,679	45.22	293,557,984	44.16	24.22	3.38	13.95
1907	641,953,451	773,448,894	1,415,402,345	45.35	329,121,659	42.55	23.28	3.72	15.97
1908	525,704,745	637,415,920	1,163,120,665	44.43	282,273,432	42.94	23.88	3.13	12.11
1909	590,373,908	682,265,967	1,272,639,875	46.77	294,377,360	43.15	22.99	3.21	13.24
1910	761,353,117	785,756,020	1,547,109,137	49.21	326,265,093	41.52	21.11	3.50	16.54
1911	776,963,965	790,981,697	1,567,945,662	50.85	309,581,944	41.22	20.29	3.25	16.05
1912	881,512,987	750,209,915	1,631,722,902	53.73	304,597,045	40.12	18.56	3.15	16.94
1913	986,972,333	779,717,078	1,766,689,411	55.87	312,252,215	40.05	17.69	3.17	17.94
1914	1,127,802,970	766,366,210	1,894,169,180	59.54	292,128,527	38.12	15.40	2.97	19.17

*Export duty from the Philippine Islands not included after 1902. The figures of this column do not include additional and discriminating duties. †The average ad valorem rates on dutiable merchandise are based on ordinary duties, and those on free and dutiable merchandise are based on total duties collected.

Note.—The figures for 1914 are estimated on the basis of total imports and total duties paid.

18	265,017	318,852	583,869
19	191,828	265,313	457,141

Total	\$4,300,817	\$4,036,031	\$8,336,848
Daily average.	268,800	252,251	521,051

The Custom House is open for only three hours on Saturday. For the first few days in August receipts from goods put into trade at once did not show a decline, for the reason that imports were being received that had been dispatched before the outbreak of the war. Beginning with Aug. 7 the effect of the withdrawal of German ships was noticed.

A COMPARISON

A comparison of the above figures with those for corresponding days of last year would not reflect the loss due to the war, owing to the lower rates in effect this year, but a true comparison is made by using the first 16 business days in July. Receipts for that period were as follows:

IMPORTS AT NEW YORK IN JULY.

	Entered for Consumption.	Withdrawals from Bond.	Total.
July 1	\$309,135	\$174,377	\$483,512
2	480,954	248,665	729,619
3	464,471	159,419	623,890
6	661,421	153,266	814,687
7	688,864	150,124	838,988
8	770,360	217,321	987,681
9	356,423	153,893	510,316
10	212,621	193,014	405,635
11, Saturday.	130,791	136,906	267,697
13	516,309	192,755	709,064
14	705,719	171,549	877,268
15	404,616	209,051	613,667
16	303,788	209,492	513,280
17	379,056	245,935	624,991
18, Saturday.	174,155	84,811	258,966
20	314,898	277,672	592,570

Total	\$6,873,581	\$2,978,250	\$9,851,831
Daily average.	429,598	186,140	615,738

The total revenue of the United States, excluding proceeds of bond sales and postal receipts, was \$724,111,000 last year, \$691,778,000 in 1912, \$701,372,000 in 1911, and \$675,511,000 in 1910. The customs revenues last year were \$318,891,000 and the internal revenue \$344,416,000. The latter item was made up of duties on spirits, \$163,879,000; on tobacco, \$76,789,000; on fermented liquors, \$66,266,000, and from corporations, \$35,006,000.

The stamp tax, laid on bank checks, proprietary articles, playing cards, &c., proved an efficient and immediate means of making up the deficit brought on by the augmented expenses due to the war with Spain. In the last days of 1898, when the tax went into effect, \$794,000 was realized from this source. In 1899 the tax yielded \$43,837,000; in 1900, \$40,964,000; in 1901, \$39,241,000, and in 1902, \$13,442,000.

CREDIT INTERCHANGES

Markets Find an Efficient Substitute for the Normal Mechanism of Exchange

NECESSITY has proved the mother of the invention of a new foreign exchange system for the United States, which, although it did not spring full grown out of the war conditions, has already attained a creditable stature. Moreover, it is growing steadily.

The great war disrupted the international exchange market. With credits gone, our foreign commerce was temporarily paralyzed. J. P. Morgan & Co., the National City Bank, Kuhn, Loeb & Co., the Bankers and Guaranty trust companies and other houses having foreign connections, at once set about finding a way to rehabilitate enough confidence to settle pending contracts. The Morgan firm wanted money in Paris to take up letters of credit and maturities; the French were shortly to need money here to pay for food. An exchange was arranged through Morgan, Harjes & Co. It began by the Bank of France depositing \$6,000,000 with that firm, in return for which J. P. Morgan & Co. opened a credit of \$6,000,000 here, subject to drafts by the French Ambassador. Without any shipment of gold J. P. Morgan & Co. were immediately able to pay out money in Paris by cable, and the French were able to pay cash here for wheat. A few days later the credit was increased to \$12,000,000, and it is now about \$16,000,000.

ESTABLISHING CREDITS

The National City Bank had been sounding the South American countries with a view to financing exports and imports, so it was natural that Brazil and Argentina should effect an exchange with that institution. Switzerland wanted to float a loan in this country in order to assure herself of foodstuffs, with her neighbors to the north cut off. The loan was not arranged, but a credit was established in New York, against which American imports will be charged. Italy has joined in and will be able to buy here in anticipation of her exports to this country. Only Great Britain has so far refused to enter into such an arrangement. The circumstances are different in her case, for the United States is already largely in her debt.

The United States has a trade balance against her for much of the year, until the heavy exports of grain, sugar and cotton swing the scales in our favor. It is an easy matter for this country to trade out credits opened here with almost any foreign nation. France exported to the United States last year products valued at \$83,346,000 and took from us \$172,221,000. Brazil sent us \$142,105,000, much of it in coffee, and bought only \$48,174,000 in return. Her purchases have been made more largely in Europe, her total imports last year reaching a total of \$308,656,000.

ARGENTINA'S TRADE

The Argentine Republic owes the United States money on its annual interchange of products, sending us \$31,257,000 and receiving \$57,058,000. The United States has been missing a large amount of that country's trade, which bankers expect to be brought here in the future. Her total exports last year were \$463,578,000, less than 7 per cent. coming to the United States.

Were it not for the credits obtained through the purchase of American securities, Great Britain would be overwhelmingly in our debt. The United Kingdom's exports to this country were \$147,180,000 last year, and her imports \$655,005,000.

Why Our Flag on Ships Costs More

Wages Play a Large Part, but Crew Laws and Measurement Standards Add to the Expense of Operating American Ships—The Question of Neutrality

BOILED down, the emergency shipping law passed by Congress contains only three provisions which were not included in the Panama Canal Act, and of these but one is as yet a positive alteration of the older statute. The law provides that foreign-built and foreign-owned ships of any age may be admitted to American registry, whereas the Panama act set the maximum age limit at five years. This is the positive departure from our former shipping law. The other changes, which may be made at the discretion of the President, permit the manning of American vessels with foreign watch officers and the waiving, if need arise, of the American standard of inspection and of tonnage measurement.

Five years have passed since the Panama Canal Act went into operation, and in that time there have been few, if any, additions to our merchant marine from foreign ship yards. It can hardly be conceived that ship owners have been restrained from buying vessels abroad and giving them American registry simply because of the age limit in force until Congress acted last week. There were other reasons, sound business reasons, and the chief of them, perhaps, can be placed under the heading, "high cost of American registry."

THE WAGE PROBLEM

Just as in the steel and other industries, the American shipping industry has always been faced by the problem of higher wage costs in this country than abroad. When coal-burning steamers of similar size, English and American, are compared, records show that the cost of maintaining the latter is from 40 to 50 per cent. greater than for the former, and the wage item is of much importance. In this table is given the range of monthly pay to American officers and crew, as compared with the wages of British mariners:

	American	British.	Average Excess of American Over British Rate.
Masters	\$.190 to \$.225	\$135 to \$160	\$75.00
Mates	85 to 115	65 to 80	27.50
Engineers	145 to 175	85 to 115	60.00
Crew	28 to 32	25 to 28	4.00

If the comparison had been drawn with German or French seafaring men, the proportion would have been about the same, but if a Norwegian vessel had been considered, the American skippers, mates, and engineers would have had the advantage by about 10 per cent. more than the Americans have it over the English. And Norwegian vessels have a not unimportant place in the conduct of our foreign commerce.

HIGHER COSTS

Standards of living on American ships are higher than on practically all foreign vessels. The men get better food, their sleeping quarters infringe to a greater extent on hold room. The cost of outfitting an American ship and its maintenance are higher, according to shipping authorities, than it is on the average freight-carrying vessel under a foreign flag.

At the present time the American ship

owner must, perforce, employ watch officers who were either born or naturalized in the United States. He cannot, under the law, take advantage of the lower wage rates of other countries. Of the crew fifty per cent. must also be American citizens. The new law opens the way to the employment of foreigners in all positions on ship-board.

The matter of comparative wages has always seriously affected competitive conditions in the world's merchant marine, and shipping men are inclined to believe that it will continue so under the new order. American officers and seamen have associations to protect their wages. It is not to be expected that an American captain on an American ship would rest contented if his pay were reduced to the level of the English scale, even though a British captain took an American command at the rate he had formerly been paid. On the contrary, the shipping men believe that the American would do all he could to have the Englishman's wage raised to a level with his own.

LARGER CREWS REQUIRED

The reduction of profits because of high wages on American vessels is further aggravated by our law that requires more men to a ship than the British and German laws demand. Also, there is before Congress Senator La Follette's seaman's bill which is intended to improve the conditions of American men before the mast, and the shipping interests saw in this measure, before the emergency caused by war arrived, a probable source of still higher costs.

Profits in the American merchant marine have also been adversely affected by our system of tonnage measurement, a fact that was apparently recognized by the permission given the President to waive the law in this respect if it was deemed desirable. Under the American law covering cargo space it is not possible to reduce a vessel's gross tonnage to as small a proportion of net tonnage as is done under the foreign regulations. Port charges are based on a ship's net tonnage, and this means higher costs for vessels under American registration than for those which are measured according to the rules of the Board of Trade. The German rules approximate those of Great Britain.

The attention of the Government was called to this matter before the European war brought the matter into high relief. The Commissioner of Navigation in his report for 1913 strongly recommended that American tonnage measurements be brought more into accordance with the English system. He said:

FOR STANDARD MEASUREMENTS

The regulations for the measurement of vessels passing through the Panama Canal in all essential particulars are similar to the rules for the measurement of vessels through the Suez Canal. These rules are considerably different from those employed by the United States, Great Britain, Germany, and France for the measurement of vessels entering and clearing at their ports. The gross tonnage of the steam vessels of the world in 1910, as shown by Lloyd's Register, was 34,639,927 tons, and the net was 21,114,643 tons. In other words, 39 per cent. of the gross tonnage of these steam vessels on the average had been deducted to secure the net tonnage. The vessels which passed through the Suez Canal in 1909 measured 21,500,847 gross tons and 15,407,527 net tons, so that deductions at Suez from gross tonnage to determine net tonnage amounted to only 28.3 per cent. Net tonnage ascertained under the Suez and Pan-

ama rules will be materially greater than under the British and German rules.

This applies particularly to the Panama Canal situation, but the text of the Navigation Commissioner's statement, not quoted here, shows that he believed it would be advantageous for our merchant ships to have measurements corresponding to the foreign methods.

AN IMPRACTICABLE SUGGESTION

Our total merchant marine at the close of the fiscal year of 1913 amounted to 27,070 vessels of an aggregate tonnage of 7,886,518 tons. Of this number 2,265, with 1,019,165 tons, were engaged in the foreign trade. The balance of 24,805 ships ran on the lakes and rivers and in the coastwise trade. It has been suggested by those believers in old traditions and laws that a part of the ships doing a purely domestic business could be transferred to the deep seas to meet the present emergency, with the additional purpose of maintaining them permanently in the foreign service if possible, and thus obviating the necessity of buying foreign ships.

This proposal has been thrown aside as impracticable by shipping men. For one thing, it is pointed out that the domestic trade normally needs every vessel so engaged, and, besides, boats constructed for a particular traffic cannot be effectively devoted to other uses. An ore-bearing vessel of the Great Lakes could not be employed profitably in carrying sewing machines to Singapore, nor could a boat in the lumber trade from South Carolina to New York be changed to carrying cotton to Liverpool. Furthermore, the owners of domestic vessels would have to receive more assurance than is now available that the conditions making a transfer possible would be permanent in order to cause them to consent to it. The use of the word "emergency" in relation to the new legislation, in the opinion of some prominent shipping men, has been unfortunate.

THE NEUTRALITY PROBLEM

There is another form of risk, too, is bothersome to shipping interests. This has to do with the problem of neutrality. It is conceded to be an open question whether or not the belligerent powers will recognize the transfer of foreign ships to the American registry which has been brought about by the stress of war. It remains to be seen whether a British cruiser would allow to pass unmolested a ship flying the American flag which was known to have been a German vessel before the war began. The same question applies to the relations of a German war vessel and a former British boat suddenly converted into an American merchantman. A delicate point of international law is involved which, the ocean traffic men hold, cannot be decided until there arrives definite cause for applying the legal agreements of nations.

As to the practicability of increasing the number of our merchant marine through the purchase of foreign vessels, no dissenting voice has been found in the course of many interviews with ship owners. The cost of construction of a steamship in an American yard is about 40 per cent. more than in Great Britain. This would be a considerable sum in itself when a modern steam freight carrier costs from \$300,000 to \$1,500,000 to build and equip in the River Clyde. In addition to the initial expense must be considered the interest lost on the 40 per cent. extra expenditure in an American yard, which may be placed at 6 per cent. a year; extra insurance of about 4 per cent., and 5 per cent. more for depreciation.

FEDERAL RESERVE RESOURCES

Status of the Banks in the Twelve Districts on the Eve of the Establishment of the New System—Their Relative Standing in Respect to Cash Strength and Total Assets

THE organization of the Federal Reserve system, at least up to the point of calling for payments by the member banks on account of capital subscriptions, is expected to proceed rapidly now that the Federal Reserve Board has taken office.

So far the board has had time only for its own organization and for hearing the protests of Baltimore, Pittsburgh, and Omaha bankers regarding the manner in which the twelve districts were delimited by the Reserve Bank Organization Committee. There is little expectation that any changes in these boundaries will be made by the board, and once these preliminaries are out of the way, the appointment of Class C or Government Directors for the twelve banks will follow quickly. It is an open secret that lists of eligibles had been made ready in advance, though unofficially, by the Organization Committee in order to save the board time.

PROCESS OF ORGANIZATION

The other Directors have already been chosen by the member banks, and as soon as the Class C men are named and the articles of incorporation of the banks have been officially filed by the Controller of the Currency, the banks will have corporate existence and will be ready to organize at least on paper. Two of the Class C Directors will be Chairman and Vice Chairman respectively, of the board in each district, so that part of the organization process will be automatic. The nine Directors in each district will have to choose other officers, however, including a President, and engage a clerical force. They will have to arrange for quarters also before they will be ready to receive any deposits from the member banks.

The banking community generally is desirous that this process should be performed without delay, and the Washington authorities are apparently in accord with them. The comment has been frequently made that if the system had been organized earlier, a resort to clearing house loan certificates and to the Aldrich-Vreeland currency provisions might have been unnecessary under the recent and existing conditions, and that the

country might have been launched on its new system at once through the issue of Federal Reserve notes.

RELATIVE IMPORTANCE

On another page is given an abstract of the reports of the condition of national banks on June 30, grouped in accordance with the twelve Federal Reserve districts. The Second District, consisting of the State of New York, stands out preeminent, with total resources of \$2,592,573,099. The Seventh, or Chicago, District, embracing Iowa and parts of Wisconsin, Michigan, Illinois, and Indiana, comes next with \$1,525,953,888, closely followed by the Third, or Philadelphia, District, including Delaware, New Jersey, and Eastern Pennsylvania, with \$1,245,921,251, and the Fourth, or Cleveland, District, including the rest of Pennsylvania, part of West Virginia and Kentucky and all of Ohio, with \$1,180,491,169.

All the other districts fall below \$1,000,000,000, and are as follows:

Second, or Boston, District—The New England States, \$930,170,805.

Fifth, or Richmond, District—District of Columbia, Maryland, Virginia, North Carolina, South Carolina and parts of West Virginia, \$600,172,086.

Sixth, or Atlanta, District—Alabama, Georgia, Florida, parts of Tennessee and Louisiana, \$392,274,043.

Eighth, or St. Louis, District—Arkansas, parts of Missouri, Illinois, Kentucky, Tennessee, and Mississippi, \$497,799,034.

Ninth, or Minneapolis, District—Montana, North Dakota, Minnesota, South Dakota, parts of Wisconsin and Michigan, \$608,293,217.

Tenth, or Kansas City, District—Kansas, Nebraska, Colorado, Wyoming, parts of Missouri, Oklahoma and New Mexico, \$848,419,262.

Eleventh, or Dallas, District—Texas, parts of New Mexico, Louisiana, and Arizona, \$455,177,053.

Twelfth, or San Francisco, District—California, Washington, Oregon, Idaho, Nevada, Utah, and part of Arizona, \$798,078,828.

THE RISE IN SUGAR

This Market Called on Suddenly to Make Good Supply Shut Off by the War

LAST year European countries produced more than 8,000,000 tons of sugar, practically half the entire output of the world. The deadening hand of war has been laid on the sugar beet fields of France, Germany, Austria, Russia and Belgium just as this season's crop is reaching its maturity. Harvesting begins normally in the first week of September; there will be fewer male hands to gather the crop and turn it into sugar. Because of this, refiners see ahead a shortage of the product.

Men of long service in the local sugar trade say there has not within forty years been such excited buying of supplies as during the past ten days. In consequence, the price both of raw and refined has very nearly doubled the figures quoted in the closing week of July. The most urgent demand came from abroad, where the dire effect of the war was clearly seen as soon as the German armies began to move. England bought cargo after cargo. Great quantities were taken for France, and nations which seldom appear in this market for sugar, including Greece, Norway and Italy, contracted for thousands of barrels of refined and hundreds of tons of raws for the earliest possible shipment. A prominent refiner estimated on Saturday that, since the movement began, European buyers had taken up fully 100,000 tons of sugar at this centre and in Cuba, of which the major portion had been started immediately aboard ship and was on the high seas before the close of last week.

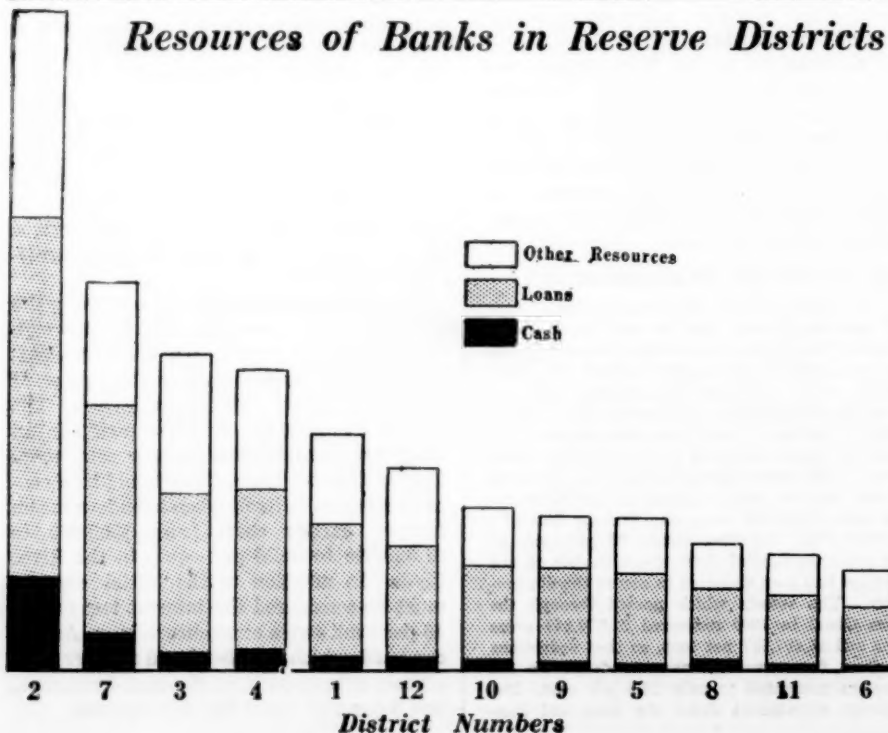
CHANGED CONDITIONS

Naturally, competition from abroad for raw supplies and a heavy demand for the refined product aroused American refiners to exceptional efforts. It was stated in conservative quarters of the trade yesterday that the past week's "melt" had been the greatest for any single week in the history of the industry. The consuming interests of this country added their insistence for early delivery of sugar to the call from abroad. In this particular, the refiners noted a complete change of conditions from the corresponding period of last year. Then retailers of sugar were seeking to work off accumulated stocks to prepare for the pending reduction of sugar duties. They sought this year to build up a substantial reserve against possible contingencies in the trade.

The Cuban crop of 1913 was large, and these supplies, added to a fair yield from the Louisiana cane fields, have left refiners with more raw sugar to work up than they had a year ago. The latest statistics show these stocks on hand or in sight:

	Tons	
	1914	1913
Cuban stock.....	322,000	294,000
Stock at Atlantic Ports.....	348,000	289,000
Total now available.....	670,000	583,000
Estimated balance of Cuban supplies to come into sight.....	100,000	130,000
Grand total.....	770,000	713,000

The table shows an increased supply this year, as compared with last, of 57,000 tons. Europe, however, made no inroads at this season of 1913 on the surplus, and it remains to be seen how far the urgent demand from abroad will affect this stock. As to Hawaii and Porto Rico, refiners say, available raws are, if anything, smaller than last year, and the product of the Philippines, which had been expected to fill



any deficiency in the domestic market, is being diverted to the United Kingdom.

Those familiar with the European sugar industry say that no branch of agriculture will be more severely damaged by the war than sugar beet culture. During the years of peace the advancement in sugar cultivation was, probably, more marked than in any other article produced by the soil. The growth of the beet was first fostered in all the European countries where it grew by special bounties, and the yearly output quickly grew to such proportions as to affect seriously the solvency of the cane sugar producers of the semi-tropics. This brought about the Brussels Conference a few years ago, when the Government authorities of all countries except Russia voted to abolish the bounty system, and Russia's exportable surplus was limited to a specified yearly tonnage.

EXPANDING CONSUMPTION

The expansion of the industry continued, however. With the removal of bounties came a reduction of the internal taxes on sugar sufficient to substantially cheapen the cost of production and bring about a large increase of consumption among masses of people who had never been able to consider sugar as anything else than a luxury.

The blight placed upon the European beet crop could hardly have come at a more inauspicious time as far as the future supply of raw material is concerned. In all cane growing regions except Java the plant is only part way on the road to maturity. The Cuban harvest does not begin until December and Cuban raws do not normally appear on the market until late in January, only small shipments until along in February.

The need of greater production in other parts of the world in case the war continues long enough to prevent much planting next year in European fields, may result in much benefit to the American beet sugar industry. The beet producers have been exceedingly gloomy ever since the tariff was altered. They have maintained that free sugar would practically kill the domestic output, including the Louisiana cane fields. In anticipation of small profits farmers of Colorado and California were reported to have reduced their acreage put to beets this season. The status of the industry for the time at least is radically altered by the war in Europe.

WAR STORM IN HOLLAND

Events in the Dutch Market Which Reflected the Oncoming of Europe's Struggle

Special Correspondence of The Annalist

AMSTERDAM, Aug. 3.—The insufficiency, from the Austrian viewpoint, of the Serbian reply to the Austrian ultimatum caused at the beginning of last week a torrent of sales, which, especially in the local market, made great inroads on prices. Leading oil shares, like the Royal Dutch Oil and Dutch Consolidated Oil Company, declined from 40 to 70 per cent., but the other departments, notably the American department, although feeling the influence of the flood of liquidation, showed good power of resistance on account of heavy buying by arbitrage houses.

Money was quoted at $2\frac{1}{2}$ @ 3 per cent., and exchanges could readily be transacted. The following day, when New York had sent firm closing quotations, and the declaration of the war between Austria and Serbia had not yet come, there was some reason to believe that the market would show a rally from the severe depression of the previous day. Indeed, in the local market, oil shares opened from 20 to 25 per cent. above the last quotation, easing off in the course of the day, but in the other departments the tone was from the opening depressed. Especially the American shares were weak on account of the arbitrageurs having sudden-

ly stopped their arbitrage transactions, owing to their inability to sell sight drafts on New York at reasonable prices, bankers being unwilling to buy exchanges, which would lock up their capital for a week.

MONEY TIGHTENS

The attitude of the arbitrageurs caused an ominous standstill in the transactions. Money was quoted at $4\frac{1}{2}$ per cent., but not easily obtainable, and toward the close 6 per cent. was bid in vain, and after the close as high as $8\frac{1}{2}$ per cent. was paid. On the following Wednesday, when it was known that war had been declared, a depressing feeling prevailed. Already during the morning it was impossible to get money on collateral which was not suitable as security for loans with the Bank of Netherlands. Very wide margins were offered, even up to 50 per cent., but it was impossible to get the money. Exchanges were unsalable. Dollars were quoted nominally at 2.40 florins. Coupon brokers refused to buy any coupons. Loans were about to be called in from various quarters. The Stock Exchange Committee decided to close the Stock Exchange. Thereby a financial calamity was prevented. Since the revolution of 1848 no such action had been taken.

The money system in our market has made such action necessary. The whole financing of the Stock Exchange transactions is based upon the "prolongatie" system. "Prolongatie" is the term for money for one month fixed, which the stockbroker borrows in the open market. The borrower is entitled to repay the money any day, after the loan has run fourteen days, with one day's notice, whereas the lender is only entitled to ask for repayment of the loan on the same date of the following month, i. e., one month after the loan has been granted. The value of the collateral must show a margin of 10 per cent. over the amount of the loan, which margin has to be kept up.

GUARANTEEING LOANS

The committee considered the advisability of returning as soon as possible to the normal course of things, and in a meeting with the most important bankers the following arrangement was arrived at: The bankers should constitute a syndicate to support the money market with 25,000,000 florins. The rate of interest should be fixed at 1 per cent. above the rate of the Bank of Netherlands for advances, (at that moment $5\frac{1}{2}$ per cent.) The money would be furnished by the Bank of Netherlands and held at the disposal of the Stock Exchange Committee. The bankers' syndicate thereagainst guaranteed the Bank of Netherlands for an amount of 5,000,000 florins. Each member of the Stock Exchange in need of funds had to apply to the committee, stating the amount needed, and the collateral to be furnished, and if approved he could obtain the money from the Bank of Netherlands. The value of the collateral must show a margin of 20 per cent. One of the conditions of the agreement was the reopening of the Stock Exchange on the next day. When Thursday arrived, it appeared, however, that a large number of the members of the Stock Exchange would at any price prevent the reopening of the Exchange. When the committee announced from the gallery to the members that, according to the arrangements with the bankers, the Stock Exchange would be reopened, but that the transactions would be restricted as much as possible, the protests were so loud that the committee did not dare to follow its intention, but again resolved to close the doors of the Exchange.

OTHER SYMPTOMS

Meanwhile, other symptoms of the financial crisis had become more apparent. The Exchanges fell into utter disorder. All parities of gold import and export, between which in normal times the rates of exchange move, were entirely wiped out. Rubles were selling at 1.18, (the extreme parities in normal times being 1.26 and 1.30,) francs were transacted above 50, (parities 47.70 and 48.20,) for dollars, the parity of the quotations in New York worked out 2.36, (the parities of gold import and export being in normal times 2.46 and 2.50.) Banks and savings banks, even the Postal Savings Bank, whose depositors are unconditionally guaranteed by the Government, were besieged by a mass of depositors asking for their money. Under the circumstances, the syndicate which had been formed to support the money market, but which had been dissolved on account of the non-fulfillment of one of the conditions, the reopening of the Stock Exchange, decided to make its efforts to arrive at more radical measures, and representatives of the syndicate conferred with the management of the Bank of Netherlands, and the Ministers of Finance, and of Trade and Industry, with the result that a new syndicate was formed to guarantee the Bank of Netherlands for advances which the Bank would make, against deposit of stocks, bonds, warrants, and other securities.

WESTERN OUTLOOK

Trade Prospects and the Agricultural Situation As They Are Seen at Chicago

Special Correspondence of The Annalist

CHICAGO, Aug. 21.—Groping in financial darkness the West has done the best it could have done thus far to maintain its current business, to adapt itself to a desperate situation abroad, and to prepare for expansion in world markets. Makeshift devices for financing exports to Europe, substantial clearances of grain from seaboard and Gulf, somewhat easier cash and credit position here and throughout the country, with traffic and trade fairly well sustained, have steadied sentiment.

Crop conditions continue generally satisfactory east of the Mississippi River. Rains have benefited the surplus corn States, but many sections, including much of Illinois and Iowa, need more rain soon. Small grain crops are made or practically assured. Miscellaneous crops average well. Pasture needs moisture. The drought west of the Mississippi is getting serious for a wide area.

EXPORTS GOVERN

Cereal values for the present depend almost entirely upon the extent to which wheat and oats can be shipped out of the country. There is no question about sufficient foreign demand to absorb all available surplus at high prices. Packers as exporters are in an essentially different position from that of the grain traders and flour millers. The United States can spare 300,000,000 bushels of wheat, but very little meat. American-owned companies could send a great deal of fresh meat to Europe from South America, but the canned meat would have to go from the plants in this country.

General business was irregular before the European war, but it is much more so now. Some industries have had to curtail drastically, while others feel the stimulus of actual or potential increased demand for their products in other parts of the world formerly supplied by Europe, also for new lines of production to satisfy domestic requirements. Study of foreign trade opportunities reveals their magnitude and the many difficulties to be overcome.

Traffic returns of representative Western systems for the first half of August showed very little less than a year ago, but the loss of export and import business will mean a pretty big hole in the August total. Railroads in the Northwest have a fine crop about ready to be gathered into bins and box cars, and they hope for good operating weather until well into the winter. The west-bound movement of coal is expected to be heavy.

RAILWAY BUYING

Steel interests, which had confidently predicted a marked resumption of railroad buying when the Eastern rate decision was announced, admit that the decision has had no effect thus far, but they as confidently predict new activity and higher prices as the result of the war, and withhold prices for fourth quarter of 1914. Railroad managers maintain silence. They want to be sure of their ground financially and otherwise before incurring fresh expense. They hope for heavy export traffic later, and few of them have discontinued what little improvement work was in hand. Agricultural and structural branches of the steel industry hold up fairly well, but high money has put a new check on all sorts of building enterprise. Country banks in many sections have made inquiries for commercial paper, and in a few sections a fair volume of attractive paper has been placed. The general condition, however, is extreme dullness.

Currency shipments to the country this month increased largely compared with a year ago, while receipts from the country decreased about one-half. Furthermore, a large amount of gold has been sent East, whereas a year ago heavy receipts of currency from New York were reported at some leading banks. Deposits and country bank balances here have declined. Naturally the local banks have loaned with extreme discrimination. They had to take care of the grain interests first. Some other loans are reported at as high a rate as 8 per cent., but nearly all have been made at 7 per cent., which is the Board of Trade's August rate on balances, as compared with 6 per cent. for July. It is also the Clearing House rate among the member banks and the legal limit in Illinois.

Foreign Correspondence

IT appears from our cables that the situation at Paris is much more difficult than in London, where the emergency measures are working very smoothly. The terms of the French moratorium have been modified to release to bank depositors 10 per cent. more of their bank balances, but this is putting some tax on the banks whose discounting facilities at the Bank of France are curtailed by the restrictions which that institution is putting on the bills accepted for discount. At the same time the French Government has come to the aid of the money market by making payment for merchandise requisitioned for military purposes half in cash and half in treasury bills instead of all in bills. The latter are being put out for six months at 4 per cent. and for one year at 5 per cent. Some trading is being done on the Bourse under the narrow limitations imposed on the eve of the outbreak of the war, but most prices quoted are nominal. The reopening of the London Stock Exchange in the near future is not thought likely. Gold is flowing into the Bank of England, and the position of that institution is steadily improving.

LONDON IMPROVING

Emergency Measures Working Smoothly —Bank Gains Gold and Discounts Are Now Easier

By Cable to The Annalist

LONDON, Aug. 22.—The commercial and financial situations remain unchanged, but many industries are seeking new markets. The price of necessities are steady and there are no popular disturbances. The volume of foreign trade is encouraging. The position of the Bank of England is steadily improving through the acquisition of gold. The short-loan fund is being liquidated daily at the Bank of England. Under the Government's guarantee rather more business is being done in discounts. The market rate for all bills is from 4 per cent. to 5 per cent., while short loans are quoted at 3½ per cent. to 4 per cent.

Agitation is on foot to secure Government help in liquidating the Stock Exchange position, but most people in the city regard this as an unnecessary step, and it is not believed that the suggestion will be accepted. There is no immediate prospect of the reopening of the Stock Exchange. The foreign exchange market is still at a standstill, and the renewed rise in exchange at New York is regretted here. The Government is issuing \$75,000,000 more treasury bills, of which \$50,000,000 are for the war loan to Belgium.

FRENCH FINANCES

Treasury Is Putting Out Bills at 4 and 5 Per Cent.—More Bank Deposits Have Been Released

By Cable to The Annalist

PARIS, Aug. 22.—Conditions on the Bourse remain unchanged. Trading is inactive and prices nominal. Endeavors are being continued to revive financial and commercial activity and attention is being given to the effort to take over as much as possible of the export demand which heretofore has been filled by Germany. In order to ease the monetary situation military requisitions will hereafter be paid half in cash instead of all in treasury bills.

The terms of the moratorium also have

been modified to permit the withdrawal of another 10 per cent. of deposits. This the bankers regard as a burden, for the reason that the Bank of France is scrutinizing closely the names borne by paper offered for discount, and also considers carefully the motives prompting the offering of the paper. The Bank has lowered its discount rate from 6 per cent. to 5 per cent., and announces that its discounting activities are uninterrupted, but business is being done under handicaps. The character of the paper now offering reflects, of course, the extensive unloading which preceded the declaration of war. Meanwhile the Bank of France is calling for more margin on collateral, but is obtaining no response.

The Treasury is offering six months' bills bearing 4 per cent. interest and one year bills bearing 5 per cent., but is finding few buyers. The position of institutions is difficult. The foreign exchanges are practically not quoted at all. Dollars are dealt in to some extent at 5.05 to 5.07 for sight and 5.10 for cables, but they are hard to find even at those rates.

Organizing for War

Special Correspondence of The Annalist

LONDON, Aug. 6.—In the speed of our return to normal conditions here, much will depend on how soon we can begin to draw gold from you. We can get it, at present, from nowhere else. Shortly, we hope, and believe, the German fleet will be swept off the seas, or permanently bottled up in the Baltic. Already the Government has taken over liability for war risks on all cargoes, at reasonable premiums. Soon, then, confidence should be restored far enough to allow of the resumption of shipments of specie in the ordinary way. If not, perhaps you will send us some more "Tennessees." We like them, and cannot see too much of them.

Our civilization is being subjected to the final test; and it is revealing what is its true basis. For many purposes, since war was declared, we have become a communalist State. The Government has taken the railways under its control. It has taken over the business of marine insurance. Not without friction and resistance from anti-social interests it has assumed practical control of the banking policy of the country. By suspending the Bank act it has set the credit of the Bank of England, with all which that means, behind the credit of the big joint-stock banks. Through the Development Commission, and the Roads Board, it is about to provide labor for the large numbers who must shortly be unemployed. Last, and most important, it is about to put itself in charge of the distribution of food supplies, and it has taken it in hand to regulate food prices.

In the case of the railways and of the food supply, it is acting through the existing private organizations, in the one case the railway companies, in the other the trade associations. In these spheres the private interests have accepted the Government's action with whole-hearted spirit. This feature of the crisis is one of its most interesting developments. It showed the ease and success with which great private interests can be, temporarily at least, nationalized. It may point the nation forward in that direction when we have peace again.

European Banks Statement

BANK OF ENGLAND.			
	1914.	1913.	1912.
Bullion	£37,959,789	£42,297,811	£40,912,238
Reserve	19,222,000	31,403,901	30,108,153
Reserve to liabilities...	15%	58%	49%
Circulation	37,186,000	29,343,910	29,254,135
Public deposits	13,674,000	10,342,150	17,543,751
Other deposits	108,003,000	43,214,309	42,889,928
Government securities...	26,941,000	12,453,405	13,367,655
Other securities	94,725,000	27,813,574	35,103,208
Discount rate	5%	4½%	3%

BANK OF NETHERLANDS.			
WEEK ENDED AUG. 8.			
	1914.	1913.	1912.
	Dutch	Dutch	Dutch
	Guilders.	Guilders.	Guilders.
Gold	161,978,928	147,292,872	143,977,640
Silver	641,814	8,123,298	10,707,943
Bills discounted	192,067,850	71,870,435	80,571,774
Advances	140,154,528	81,238,973	75,419,817
Circulation	461,120,505	304,621,885	290,151,545
Deposits	29,642,905	2,892,894	3,097,232
Bank rate	5%	5%	4%

WEATHERING THE STORM

Emergency Measures Resorted to by England to Prepare for War Period

Special Correspondence of The Annalist

LONDON, Aug. 6.—Foreign remittance ceased altogether last week. No gold could be had. At once a moratorium had to be proclaimed for the accepting houses.

Meanwhile, securities had become unsalable all over the Continent. Foreign sellers were exercising irresistible pressure here, and as a measure of self-preservation, our Stock Exchange was obliged to close.

The joint-stock banks are big acceptors, and the cessation of foreign remittance had given them something to think about. When securities became unsalable they believed themselves compelled to take emergency measures, and the first to take was to call in their most liquid assets, their loans to the discount houses. At the same time they began to cash checks in notes with only 10 per cent. of gold. A fidget for gold then began all about the country. The discount market was obliged to go for all its money to the Bank of England, and the Bank rate was forced up to 10 per cent.

It was at once obvious that, more gold being unobtainable to enable the banks to liquidate their credit by pledging their securities at the Bank, and so to provide depositors with the cash which they were about to demand, it would become necessary to suspend the Bank act. That enables the Bank to issue unlimited notes against securities. Since this would have the effect of substituting a paper currency for our usual gold currency, it was also necessary to provide notes of smaller dimensions than the existing smallest, which was £5. To give time to prepare these small notes, £1 and 10s., the August bank holiday was prolonged for three more days.

After a struggle between those who took long views and those who took short ones, it was decided to maintain specie payments at the Bank of England. Old notes and new are therefore fully convertible into gold. Foreigners with credit here can get gold to export. London has thus vindicated its claim, even in the moment of supreme trial, to be the world's freest market for gold.

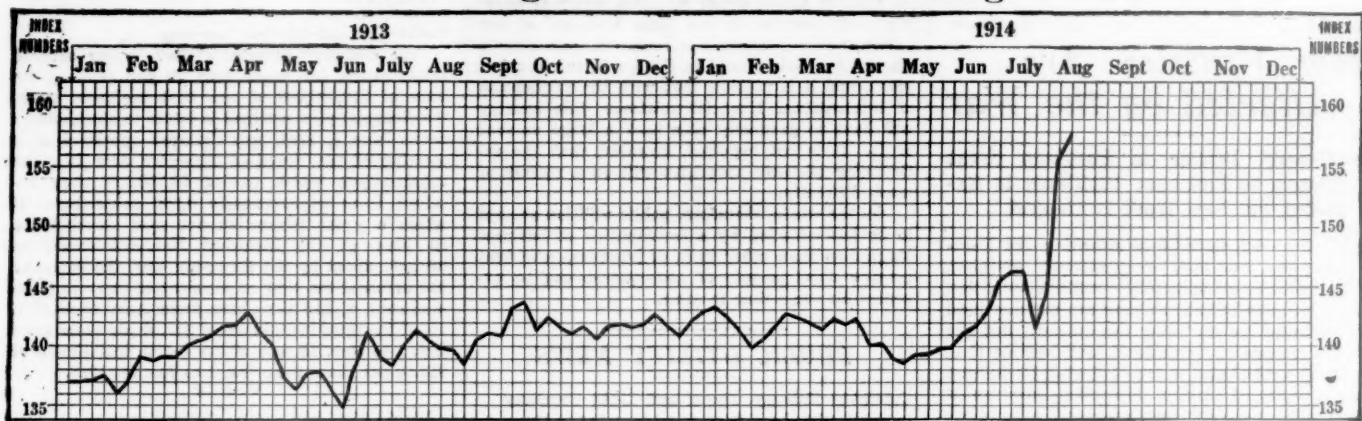
There can be no great internal drain, because now the banks of deposit will cash checks in notes, obtained from the Bank against securities. Few are expected to take the trouble to attend personally at the Bank of England to cash those notes into gold. There can be no great external drain, because no foreign country has any substantial credits left here. Nor can they gain fresh credits here, because there will be little fresh discounting of paper, at least of finance paper, and securities cannot be sold here. France, alone, is likely to be able to take gold hence, and we are willing to help France, and France will be unwilling to embarrass us.

A general moratorium is now legally declared, covering all liabilities maturing between Aug. 4 and Sept. 4. It will probably make very little difference to the actual course of business. Only in very exceptional cases, we may expect, will use be made of the rights which it confers. Its chief use will be to strengthen observance of the golden rule which lenders of all sorts are now prepared to follow, to interfere as little as possible with existing credit arrangements. Many believe that we could have done perfectly well without it. In particular, it is understood that no difficulties are to be put in the way of withdrawing foreign credits, such as there are, still employed here, or of remittance abroad.

As soon as the German navy is beaten, or bottled, very likely even before, trade with these islands will rapidly begin to flow again back into its normal channels. The Government's acceptance of liability for war risks will greatly facilitate that. Arrangements will have to be made, in view of the moratorium, to get the credit machinery of acceptance and discounting to work.

In this New York can help us greatly. Let our foreign importers draw on New York, and let New York arrange with us for the settlement of accounts. On balance, you have liabilities to meet here. In substance, the arrangement will thus amount to this, that you will pay the foreign importers for their goods sent hither, and we shall cancel against those payments an equal part of your liabilities to us.

The Highest Cost of Living



An index number is a means of showing fluctuations in the average price of a group of commodities. The Annalist Index Number shows the fluctuations in the average wholesale price of twenty-five food commodities selected and arranged to represent a theoretical family's food budget.

Barometrics

THE ANNALIST INDEX NUMBER

Weekly Averages.	Years' Averages.
August 22.....157.90	1913.....139.98
August 15.....155.50	1912.....143.25
	1896.....80.09
	1890.....109.25

POTENTIALS OF PRODUCTIVITY

The Metal Barometer			
End of July.		End of June.	
1914.	1913.	1914.	1913.
Daily pig iron capacity, tons	63,935	81,657	63,698
U. S. Steel's orders, tons...	4,158,589	5,399,316	4,032,857
Pig iron production, tons...	*1,957,645	*2,560,646	†14,359,660
			†18,909,420

Building Permits			
July, 104 Cities.		June, 122 Cities.	
1914.	1913.	1914.	1913.
\$64,912,541	\$58,076,782	\$71,573,386	\$74,025,741

Migration			
June.		Fiscal Year.	
1914.	1913.	1913-14.	1912-13.
Inbound (alien only).....	71,728	176,261	1,218,480
Outbound (alien only).....	38,413	22,930	303,338
Balance	+33,315	+153,331	+915,142
			+889,702

MEASURES OF BUSINESS ACTIVITY

Bank Clearings

Entire country. Percentages show changes from preceding year.			
1914	1913	1912	1911
\$2,214,074,306	\$2,188,847,591	\$2,108,729,215	\$2,097,997,000
1913	2,761,635,072	2,790,817,939	2,790,817,939
1912	2,830,021,521	3,101,011,888	3,101,011,888

For the week ended Saturday noon. Reported by telegraph to The Annalist.

Central			
Last Week.		Thirty-four Weeks.	
1914.	1913.	1914.	1913.
New York	\$985,193,531	\$1,483,099,379	\$90,719,473,129
Chicago	267,830,415	288,196,409	10,675,991,257
St. Louis	65,371,671	70,230,320	2,646,677,532
Total 3 c.r. cities.	\$1,318,395,617	\$1,841,526,108	\$74,042,141,938
Reserve Cities:			
Baltimore	\$29,002,827	\$32,271,801	\$1,210,165,890
Boston	109,921,900	130,225,946	5,258,460,300
Cincinnati	24,067,800	21,744,600	889,864,505
Cleveland	20,428,467	21,387,199	851,138,713
Denver	8,285,700	8,770,139	287,304,505
Detroit	25,937,232	25,400,046	922,563,825
Kansas City, Mo.	57,855,149	64,782,698	1,781,574,467
Los Angeles	21,165,298	20,113,100	785,293,456
Louisville	10,714,623	12,729,811	466,566,147
Minneapolis	22,811,453	23,037,186	782,364,421
New Orleans	15,555,965	17,091,839	615,792,223
Philadelphia	133,242,905	147,563,905	5,300,015,022
Pittsburgh	32,042,519	49,195,147	1,765,783,017
St. Paul	8,768,138	9,442,190	366,390,837
San Francisco	41,067,868	49,117,337	1,627,238,896
Seattle	12,325,906	12,123,904	406,890,745
Tot. 16 res. cit.	\$363,793,810	\$634,906,908	\$23,327,406,971
Grand total.....	\$1,912,189,427	\$2,476,523,016	\$97,369,548,906

Gross Railroad Earnings

Second Week			
in August.		in August.	
1914.	1913.	1912.	1911.
This year	\$7,977,813	\$8,418,229	\$94,361,995
Same last year.....	8,317,428	8,760,249	95,898,810
Gain or loss.....	-\$339,615	-\$342,020	-\$1,536,815
	-4.1%	-3.9%	-1.6%

The Car Supply

August 1, July 15.			
1914.		1913.	
Net surplus of all	1914.	1913.	1912.
freight cars...	196,665	226,541	58,455

OUR FOREIGN TRADE

June.			
1914.		1913.	
Exports	\$157,119,451	\$163,404,916	\$2,531,630,107
Imports	157,772,972	131,245,877	1,991,034,443
Excess of exports...	*\$63,521	\$32,159,039	\$540,595,664
*Excess of imports.			\$691,790,307

Exports and Imports at New York

Exports.			
1914.		1913.	
Week ended Aug. 15.	\$10,723,082	\$14,834,851	\$15,817,097
Thirty-three weeks..	657,997,431	574,482,265	624,369,233

THE CREDIT POSITION

New York Banking Position

(Both Banks and Trust Companies, Average Figures.)

Loans.		Deposits.		Cash.		Reserve.	
Last week	\$2,129,026,000	\$1,912,550,000	\$387,594,000	20.26%			
Week before	2,121,997,000	1,912,649,000	382,731,000	20.00%			
Same week, 1913.....	1,929,646,000	1,789,476,000	430,053,000	24.03%			
This year's high.....	2,139,398,000	2,062,770,000	515,426,000	25.08%			
on week ended.....	May 16	May 16	May 23	Jan. 24			
This year's low.....	1,874,614,000	1,717,649,000	382,731,000	20.00%			
on week ended.....	Jan. 3	Jan. 3	Aug. 15	Aug. 15			

Condition of All National Banks

Loans and discounts, cash, and the ratio of cash to loans of all the national banks of the country at the time of the Controller's call have been (in round millions):

June 30.			
1914.		1913.	
Loans and dis-	\$6,430	\$6,357	\$6,143
counts	\$6,430	\$6,357	\$6,143
Cash	969	968	915
P. c. of cash to	15.1	15.2	14.9
loans	15.1	15.2	14.9

Specie Movement at the Port of New York

Week Ended Aug. 22.			
Imports.		Exports.	
Silver	\$237,667	\$1,391,062	\$5,734,502
Gold	121,637	180,000	5,882,606
Total	\$359,304	\$1,571,062	\$11,617,108

*Including \$469,373 reported too late to be included last week.

Cost of Money

Last Week.			
Previous Week.		Since Jan. 1	
Call loans in New York	6 @ 8	6 @ 8	10 1 1/2
Time loans in New York, (60-90 days)	6 @ 8	6 @ 8	8 2 3/4

Commercial discounts:			
New York		Chicago	
Aug. 17.....	par	30c to 40c disc.	30c premium
Aug. 18.....	par	35c discount	30c premium
Aug. 19.....	par	35c discount	35c premium
Aug. 20.....	par	35c discount	35c premium
Aug. 21.....	par	30c discount	45c premium
Aug. 22.....	par	40c discount	45c premium

Exchange

Sterling exchange, nominal. Exchange on New York at domestic centres ruled thus:

Boston.			
Chicago.		St. Louis.	
Aug. 17.....	par	30c to 40c disc.	30c premium
Aug. 18.....	par	35c discount	30c premium
Aug. 19.....	par	35c discount	35c premium
Aug. 20.....	par	35c discount	35c premium
Aug. 21.....	par	30c discount	45c premium
Aug. 22.....	par	40c discount	45c premium

The Week's Commercial Failures

Week Ended			
Aug. 20, 1914.		Aug. 21, 1913.	
To-Over	tal.	To-Over	tal.
East	116	49	88
South	100	31	68
West	82	28	54
Pacific	48	16	37
United States	346	124	247
Canada	59	27	38

Failures by Months

July.			
1914.		1913.	
Number	1,411	1,169	9,954
Liabilities	\$20,377,148	\$20,325,705	\$205,476,878

WEEK'S PRICES OF BASIC COMMODITIES

Range since			
Jan. 1.		Mean	
Current	Price.	High.	Low.
Copper: Lake, per pond.....	.1275	.15125	.1275
Cotton: Spot, middling upland, per lb....	.1100	.1450	.1100
Hemlock: Base price per 1,000 feet.....	24.50	24.50	24.50
Hides: Packer No. 1, Native, per pound..	.21	.1750	.1925
Petroleum: Crude, per bbl.....	1.45	2.50	1.45
Pig Iron: Bessemer, at Pitts., per ton.....	14.90	15.15	14.90
Rubber: Up-river, fine, per pound.....	.90	1.15	.69
Silk: Raw, Italian, classical, per pound...	4.70	4.45	4.575
Steel billets at Pittsburgh, per ton.....	20.50	21.00	19.00
Wool: Ohio X, per pound.....	.29	.29	.29

Utilities

How Utilities Are Affected by the War

No General Decline in Earnings Great Enough to Endanger Dividends Is Expected, but New Work Is Stopped

THE financial disturbance attending the European war has had, comparatively speaking, little adverse effect upon public utilities securities. That is principally because they are merchandised by investment houses "over the counter," and are held for permanent investment, and because they are not, as a rule, listed on any of the big Exchanges. Also, in times of business depression, earnings of public utilities are not nearly so much affected as those of railroad and industrial.

It is true, particularly in industrial centres, that fewer people use the street cars, and gas and electric light bills are in many cases reduced to the minimum, but all of these things are necessities in modern life, and the extent of such reductions is, after all, necessarily very limited. Of course, any serious reduction in receipts would have a relatively greater effect upon net earnings, because fixed charges and operating expenses cannot be readily adjusted to new conditions. It is, however, the consensus of opinion in public utility circles that there is little chance of the earnings of street railway and gas and electric lighting companies being so seriously curtailed as to endanger dividends, though there will probably be a few isolated exceptions to this.

THE POWER COMPANIES

Should the present situation continue for very long, there is, however, one form of public utility that may suffer more than the others. That is the power producer, both gas and electric. Anything like a general slackening of industrial activity is immediately reflected in a smaller demand for power, and that, of course, might seriously affect the earnings of some companies. In many cases, power is really a by-product, and the percentage of profit is very large. This is especially true where a company sells both electric light and power, the power being produced in the daytime, when there is no demand for light.

Probably the greatest effect of the war upon utilities in this country will be the almost complete stoppage of extensions and improvements to existing properties, and of new developments. Unlike other branches of industry, additions and extensions to utilities are seldom made out of earnings. One identified with a prominent public utility company said to THE ANNALIST recently that since the development of commission regulation it has been the policy of most companies to pay as much as possible to stockholders, and that therefore, when a large surplus above fixed charges and dividend requirements on its existing property is accumulated, it is because the company is either charging an excessive rate for its service, or is allowing its property to deteriorate. There are, however, undoubtedly some exceptions to this rule.

DEVELOPMENT WORK CHECKED

It follows that property additions and extensions must generally be made with new capital. It seems to be the prevailing opinion in public utility circles, judging from several interviews obtained last week, that there is little chance of placing new security issues in the immediate future, and that may result, in a few instances, in the temporary diversion of dividends to capital requirements. That is not likely to be general, however, and where it is necessary it may eventually benefit the stockholders, as when normal conditions once more obtain the capital expenditures may result

in greater earnings, and thus make larger dividends possible.

Another phase of the situation which is causing some concern is the large holdings of our public utilities securities abroad. A considerable amount has been placed in Europe in the last few years, and it is possible that with the resumption of international financial relations this country will have to gradually take back a large amount of it. It is not expected, however, that the refinancing of these securities will be a matter of much difficulty.

On the whole, therefore, public utilities are apt to be less affected by a continuation of business stagnation than other lines of business, save that no new developments of consequence can be expected for some time to come.

PUBLIC UTILITY NEWS

Columbus Railway, Power and Light Company

Notice has been filed of an increase in the company's capital stock from \$11,550,000 to \$15,145,000.

Commonwealth Power, Railway and Light Co

Reports for July and twelve months:

	1914.	1913.	Increase.
July gross earnings.....	\$222,346	\$206,168	\$17,178
Net income.....	158,587	150,442	8,144
Twelve months gross.....	2,988,862	1,778,345	1,220,516
Net income.....	2,215,478	1,514,347	701,130

Detroit Edison Company

	1914.	1913.	Increase.
July gross.....	\$405,119	\$398,941	\$6,178
Net after taxes.....	168,764	138,814	29,950
Seven months' gross.....	3,620,935	3,100,415	520,520
Net after taxes.....	1,324,366	1,305,328	219,038

Federal Light and Traction Company

For the twelve months ended June 30, 1914, gross earnings were \$2,374,733, an increase of \$25,568 over the preceding twelve months. Operating expenses and taxes were \$1,548,232, an increase of 11.05 per cent, and net earnings were \$826,490, a decrease of \$128,495, or 13.45 per cent. Interest charges were \$560,688 for the twelve months, an increase of 13.78 per cent, and the balance, after charges and deductions, was \$265,802, as compared with a decrease of \$196,464, or 42.50 per cent.

Fort Worth Power and Light Company

Reports for July and twelve months:

	1914.	1913.	Increase.
July gross earnings.....	\$76,861	\$53,329	\$23,532
Net earnings.....	39,287	31,973	7,314
Twelve months gross.....	821,390	582,958	238,432
Net earnings.....	449,501	323,407	126,094

Kansas Gas and Electric Company

	1914.	Increase.
July gross.....	\$76,252	\$8,262
Net after taxes.....	25,980	824
Twelve months' gross.....	1,112,005	149,523
Net after taxes.....	402,249	66,835

Kansas Natural Gas Company

The Superior Court of Tulsa County, Oklahoma, has appointed R. W. Kelough receiver of the Kansas Natural Gas Company, the Marnet Mining Company, and the Kansas City Pipe Line, the two latter companies being leasing and piping subsidiaries of the Kansas Natural. This action was taken to protect the State of Oklahoma in its jurisdiction of the property of the three companies, the Federal Court in Kansas City, Mo., and the Kansas Court at Independence, Kan., having each appointed receivers for the properties and business of the various concerns.

Kentucky Securities Corporation

Combined earnings of Kentucky Traction and Terminal Company and Lexington Utilities Company, operating subsidiaries of Kentucky Securities Corporation follow:

	1914.	1913.	Increase.
June gross.....	\$75,010	\$68,370	\$6,640
Net earnings.....	36,790	35,312	1,478
Twelve months gross.....	782,271	742,884	39,387
Net earnings.....	389,762	341,376	28,386

Louisville Railway Company

	1914.	1913.	Increase.
July gross earnings.....	\$268,063	\$268,413	*\$350
Net earnings.....	104,339	98,252	6,087
Seven months gross.....	1,890,607	1,853,290	7,317
Net earnings.....	794,379	787,357	7,022

*Decrease.

Monongahela Valley Traction Company

Reports for June and six months:

	1914.	1913.	1912.	1911.
June gross earnings.....	\$90,857	\$78,737	\$72,400	\$64,512
Net earnings.....	53,242	51,325	42,361	41,446
Six months gross.....	494,717	442,066	387,024	336,324
Net earnings.....	305,446	290,411	227,882	218,657

Mt. Whitney Power and Electric Company

	1914.	1913.	Increase.
July gross.....	\$61,334	\$52,376	\$8,958

Net after taxes.....	35,657	31,217	4,440
Twelve months gross.....	638,956	505,022	133,934
Net after taxes.....	389,061	265,884	123,177

Pacific Gas and Electric Company

The company announces that having secured subscriptions for more than 70 per cent. of its issue of \$12,500,000 of new first preferred stock, the financial plan outlined in letter to stockholders dated June 3, 1914, was declared operative at a meeting of the Board of Directors Aug 15. The subscriptions which exceed \$8,750,000 were received from approximately 3,000 subscribers, of whom a great proportion are new stockholders. In view of the disturbed financial conditions brought about by the European war, the company has deferred the time of payment of the second installment of \$15 per share from Aug. 15 to Oct. 15, of the third installment of \$12.50 per share from Oct. 1 to Nov. 15, and of the fourth installment of \$12.50 per share from Jan. 1 to Jan. 15, 1915.

Pacific Power and Light Company

	1914.	1913.	Increase.
July gross.....	\$117,606	\$110,956	\$6,650
Net after taxes.....	58,837	57,198	1,639
Twelve months gross.....	1,332,622	1,295,982	36,640
Net after taxes.....	683,170	595,179	87,991

Philadelphia Rapid Transit Company

The company reports for July:

	1914.	Decrease.
Gross passenger earnings.....	\$1,879,341	\$28,808
Receipts from other sources.....	71,924	16,541
Gross earnings.....	1,951,265	45,347
Operating expenses.....	1,137,702	54,829
Net earnings from operations.....	813,563	*9,482
Fixed charges.....	809,354	*11,674
Surplus.....	4,199	2,194

*Increase.

Pike County Light and Power Company

The company has secured options on the Milford Electric Company, the Milford Township Electric Company, and the Westfall Electric Company. Stockholders of Pike County Light and Power Company will hold a special meeting in Philadelphia on Aug. 25 to approve the purchase of these properties.

Portland Gas and Coke Company

	1914.	1913.	Increase.
July gross.....	\$96,893	\$93,082	\$3,781
Net after taxes.....	49,021	44,953	4,068
Twelve months gross.....	1,288,853	1,247,345	41,508
Net after taxes.....	663,406	619,164	44,242

Tacoma Gas Company

Pierce County, Wash., has taken to the Supreme Court its claim that it has the right to assess for taxation the franchise of the Tacoma Gas Company, a subsidiary of Standard Gas and Electric Company, involving about \$27,000. The action also raises the question of the constitutionality of the Washington Public Service Commission, and whether or not its orders in regard to utility corporations are binding. The decision in the case will affect the rights of many public service companies in Washington, and settle the question of the right of counties in which they operate to assess them on the value of their franchises.

Texas Power and Light Company

Reports for July and twelve months:

	1914.	1913.	Increase.
July gross earnings.....	\$130,081	\$89,702	\$40,379
Net earnings.....	45,078	34,232	10,846
Twelve months gross.....	1,453,010	1,087,454	365,556
Net earnings.....	503,905	422,761	81,144

York Railways Company

	1914.	Decrease.
July gross.....	\$68,018	\$798
Net.....	32,342	1,947
Eight months gross.....	526,718	*29,710
Net.....	244,295	*1,715

*Increase.

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News Digest

FORECAST AND COMMENT

James A. Patten

It has been said that the war in Europe will benefit America. For the life of me I cannot see that, when the whole world is hard up. Our export trade is very seriously diminishing. If the war lasts for any length of time we may see a period of distress throughout the world, equal or worse than that which existed during the Napoleonic wars.

President Wilson

The effect of the war upon the United States will depend upon what American citizens say and do. Every man who really loves America will act and speak in the true spirit of neutrality, which is the spirit of impartiality and fairness and friendliness, to all concerned. The spirit of the nation in this critical matter will be determined largely by what individuals and society and those gathered in public meetings do and say, upon what newspapers and magazines contain, upon what ministers utter in their pulpits, and men proclaim as their opinions on the street.

James J. Hill

American securities are best in the world. There is only one danger which can seriously undermine the values. That's demagogic legislation. The war in Europe has shown people what happens when nations start on a general policy of open destruction. Destructive effects of unfair business legislation are not so apparent, but they can be just as serious. If the United States as a nation takes advantage of present opportunities, if men in public life, in a majority, prove capable of taking statesmanlike measures, there is no reason why in time we cannot be three times as prosperous as we have ever been before.

A. J. Hemphill

Confidence is returning and the general financial situation is showing much improvement. Our cable messages from London this morning show that the situation there is improving.

Judge Lovett (of the Union Pacific)

I believe the war will result in business generally being conducted on more conservative lines.

Guy E. Tripp

The people of the United States cannot view the [European war] situation as not concerning them, for the Government is confronted with the gravest task it has encountered since the civil war. Upon it rests the duty of maintaining and perhaps enforcing the rights of neutral nations.

Representative Keating of Colorado

Unless drastic action is taken by Congress the European war will cost the American people as much in dollars and cents as it will cost any of the nations involved. The only difference will be that Europe will make her contribution in the form of a tax to maintain armies in the field, while our contribution will be in the form of the increased cost of the necessities of life.

First National Bank of Boston

From the standpoint of this country, the present difficulties have occurred at a comparatively favorable time. Recent quiet in business conditions has tended to create an exceptionally strong credit

position, evidenced strikingly by the absence of important business or financial failures despite the severe shock to confidence, interruption of usual business activities, and the necessity imposed upon the banks for careful safeguarding of their resources. It is also favorable that at this period the foreign exchanges are normally turning in our favor.

Iron Age

Early relief of the tension in ferromanganese, which really has become the pivot of the steel situation, is promised from England in our cable of today. English makers may be able to ship to this country next week.

Iron Trade Review

American steel makers are receiving a liberal inquiry for various classes of finished and semi-finished products from all parts of the world, and many foreign buyers appear desirous of opening new sources of supply in this country to replace those shut off in Europe.

James H. Brookmire

Fundamental conditions show no consistent trend, but vary with developments in belligerent Europe. Temporarily the general effect of the war will be injurious rather than beneficial. When either party to the conflict is decisively defeated or exhausted, however, we may expect an era of peace during which financial and commercial recuperation will transpire in a confident manner. Meanwhile, individual industries will be hurt or helped as the case may be, but all lines in common should make whatever adjustments are necessary to maintain a sound financial position, and be prepared to take an early advantage of the period of improvement which is ahead of us.

National Conduit and Cable Company

There are no indications that home consumption of copper has been checked on account of the war in Europe. On the contrary, domestic brass and copper mills appear to be doing more rather than less since the outbreak of hostilities abroad.

John V. Farwell Company

Wholesale dry goods and general merchandise business is unusually active owing to the presence of large number of buyers in this market. For the month of August to date visiting buyers' record shows a gain of about 20 per cent. over same period last year. Sales for last week were also ahead of last year by a good percentage.

John Moody

Financial conditions in themselves have been largely improved in the United States, Great Britain, and France; but all the Stock Exchanges hesitate to open, and all the banks and bond houses hesitate to broaden their scope of activity for fear of what might follow a great German victory.

Marshall Field & Co.

Wholesale buying has been lively during the week. More than double the number of buyers have visited the market than during the corresponding week a year ago, and in some departments such as toys, gloves, handkerchiefs, crochet cotton and fancy goods, it has been difficult for the regular sales force to take care of the customers.

GENERAL

The War

The week opened with the announcement of Japan's ultimatum to Germany, demanding the evacuation by the latter country of Kiao-Chau, China, and immediate withdrawal of all German warships from Far Eastern waters. Reports from Europe indicated that the situation there was much the same as at the close of the preceding week. On Tuesday, however, the Belgian Government removed the capital to Antwerp from Brussels because large bodies of German troops were approaching the latter city. French official statement says "situation continues good," but on Wednesday news of the capitulation of the Liege forts was published, followed by reports that the Allies had fallen back, so that Brussels was occupied by the Germans without resistance. On the same day the French reoccupied Muelhausen in Alsace after a severe battle. At the week's end the Germans were continuing their advance toward Antwerp and had invested Namur. The French fell back in Lorraine in the face of superior numbers, where the Germans gained an important victory, claiming to have captured 10,000 prisoners in addition to inflicting heavy losses on the French. The latter, while admitting a severe reverse, deny that the losses were so heavy as claimed by the Germans. The United States Government announced that

it would not interfere in the matter of Japan's ultimatum to Germany, having received assurances that the integrity of Chinese territory would be respected. Germany did not reply to the ultimatum within the prescribed time limit.

Supreme Court and Other Appointments

President Wilson on Wednesday last sent to the Senate for confirmation the following nominations: Attorney General James C. McReynolds, to be Associate Justice of the Supreme Court, to succeed the late Justice Lurton; T. W. Gregory, to succeed Mr. McReynolds as Attorney General, and Clemson Howe to be Commissioner of Immigration at Ellis Island. It is expected that the appointments will be confirmed as soon as possible.

Oklahoma Two-Cent Fare Case

The trial on its merits of the Oklahoma two-cent railroad fare case, docketed two years ago, has been set for Oct. 1. The Interstate Commerce Commission last week decided that the roads did not voluntarily establish and do not voluntarily maintain the intrastate passenger fare of 2 cents a mile, and, furthermore, that basing interstate passenger fare in the States named on 3 cents a mile is not unreasonable, and that the lawfulness of the two-cent fares was not in issue.

Treaty with Peru

A Senate committee last Wednesday ordered a favorable report on the peace and arbitration treaty negotiated with Peru.

New Income Tax Regulation

Article 8 of Income Tax Regulations 33 has been amended by the addition of the following:

The person, firm, company, copartnership, corporation, joint stock company or association and insurance company in the United States—citizen or resident alien—in whatever capacity acting, having the control, receipt, disposal or payment of fixed or determinable annual or periodical gains, profits and income, of whatever kind, to a non-resident alien, under any contract or otherwise, and which payment shall represent income of a non-resident alien from the exercise of any trade or profession within the United States, shall make return for such non-resident alien on Form 1,040 and shall pay any and all tax—normal and additional tax—chargeable upon the said income of such non-resident alien.

Urge Cancellation of Open Orders

The Board of Governors of the Association of Partners of Stock Exchange Houses sent a letter to its members last week urging that all open orders on books of members be canceled so far as is possible in order to avoid errors and mistakes which might otherwise occur after the chaotic condition that has prevailed and in order to control the character of new orders to be received. It is hoped that this will make for stable conditions.

Coffee Exchange Resolution

Board of Managers of the New York Coffee Exchange last week adopted a resolution urging that all members interested in contracts prior to December, 1914, submit their commitments and intentions as to receiving or delivering to the Voluntary Liquidating Committee as soon as possible and that all transfers of existing contracts be made into December at the following differences through the Voluntary Liquidating Committee: August and September to December at 30 points premium, October to December at 20 points

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premium, and November to December at 10 points premium. It was also resolved that certificates of grade expiring after Aug. 18 and prior to December be extended to corresponding dates in December.

Cotton Conference

A conference of leading cotton interests, representing those engaged in production, sale, and manufacture of cotton, will be held in Washington today for the purpose of considering the financing and moving of the crop.

Clayton Bill Amended

By a vote of 35 to 16 the Senate last Tuesday adopted a committee amendment to the Clayton bill which provides that instead of making a verdict against a corporation sued by the Government as in restraint of trade conclusive evidence against the defendant in suits brought for damages by private persons, such decision shall be only prima facie evidence against the defendant corporation.

War Risk Bill

A bill creating a "Bureau of War Risk Insurance" in the Treasury Department to insure United States vessels or shippers in such vessels against risks incident to the European war was introduced in the House of Representatives last week. The bill provides for an appropriation of \$5,000,000 to cover losses.

New Shipping Law

President Wilson last Tuesday signed the amendment to the Panama Canal act providing that foreign-built ships may be admitted to American registry for overseas trade.

Bill to Make Federal Reserve Notes Legal Tender

Senator Shafroth of Colorado last Thursday introduced in the Senate a bill to make Federal reserve notes issued under the new Federal reserve act legal tender.

War Insurance Bill

By a viva voce vote, the Senate last week passed the war risk insurance bill providing insurance for American vessels engaged in overseas trade during the European war. An amendment providing that the bureau created by the bill shall be abolished immediately on the termination of the war was adopted.

Clayton Bill

The bill has encountered considerable opposition in the Senate and reports from Washington indicate that no early action is expected. By a tie vote, the Senate rejected the Kenyon amendment to the bill, which provided that officers and Directors of common carriers "who intentionally or negligently suffer" funds of the corporation to be embezzled or misapplied be made criminally liable.

Federal Reserve Rules

The Federal Reserve Board last week announced a rule providing that petitions against the designation of Federal Reserve cities must be signed by a majority of the member banks in the city filing the protest, and the city must set forth its reasons for its protest. Within five days after making the protest the city must file twenty copies of its brief. The member banks in the district against which protest is filed having appointed counsel, seven days will be allowed to file briefs in reply to the protest, after which the board will fix a date for argument by counsel, which will be limited to one hour for each side.

Ship Purchase Bill

The Treasury Department last week submitted to the Senate Commerce Committee draft of a bill providing for the creation of a corporation to purchase and operate merchant vessels to carry American products during the European war. The President has approved the plan which, it is understood, provides \$25,000,000 for the purchase of ships, and may allow public subscription to the

stock of the corporation, but in any event, should the bill be passed, the Government will retain control. The bill is strongly opposed in financial and shipping circles.

H. B. Claflin Company

J. B. Martindale, President of the Chemical National Bank and one of the receivers of the Claflin concern, said last week that delay in auditing the books of the various retail stores made it improbable that a plan of reorganization would be announced before Labor Day.

RAILROADS

Weekly Gross Earnings

Following are the latest week's gross earnings as reported by important railroads in comparison with the same week of the preceding year:

Second Week in August.	Amount.	Change.
Buffalo, Rochester & Pittsburgh....	\$319,951	+\$61,114
Canadian Northern	319,500	-117,400
Canadian Pacific	2,102,000	-468,000
Chesapeake & Ohio	704,196	+ 21,810
Chicago, Indianapolis & Louisville..	143,569	+ 709
Colorado & Southern	263,157	- 51,158
Denver & Rio Grande	482,100	- 38,400
Detroit & Mackinac	23,306	- 2,340
Grand Trunk	1,068,710	- 31,488
Louisville & Nashville	1,079,820	- 79,620
Minneapolis & St. Louis	206,126	+ 8,416
Missouri, Kansas & Texas	600,199	- 65,583
Missouri Pacific	1,196,000	+ 14,000
Mobile & Ohio	238,123	+ 1,900
St. Louis Southwestern	224,000	- 22,000
Southern Railway	1,255,982	- 42,004
Texas & Pacific	296,250	- 29,536
Toledo, Peoria & Western	26,354	+ 2,039
Toledo, St. Louis & Western	103,875	- 4,344
Western Pacific	16,900	- 24,900

Atlanta & Charlotte Air Line

Certificates bearing indorsement of the Southern Railway are not yet ready for delivery, but the dividend due Sept. 1 will be paid as if no delay had occurred. Stockholders who have signed "Agreement A" will receive 4½ per cent., and others 3½ per cent.

Atlanta, Birmingham & Atlantic

E. T. Lamb, who has been receiver of the property since 1902, has been elected President of the company.

Canadian Northern

An agreement has been signed with the Grand Trunk by which the Canadian Northern secures the right to use the Grand Trunk tracks into Ottawa, with the use of the Central Station, as its terminus there. This gives the Canadian Northern a central station for its trains from Toronto and western points.

Car Loadings

Chicago & Northwestern's loadings for the first half of August showed 53,508 cars, an increase of 109 cars over last year, while those of Rock Island showed an increase of 2,927 cars over the corresponding weeks of a year ago.

Chesapeake & Ohio

Directors have decided to defer action on the dividend of 1 per cent. usually declared at this time until the regular monthly meeting in November. The European war is given as the cause of this deferment.

Chicago, Indianapolis & Louisville

Directors of the company have accepted the resignation of F. A. Delano, now a member of the Federal Reserve Board, as President of the company, and have left it to the Executive Committee to select his successor. Mr. Delano remains a Director.

Mobile & Ohio

A special meeting of the holders of the general mortgage bonds has been called by the Board of Directors, and will be held on Sept. 8, for the purpose of directing the trustee of the mortgage how to vote upon all the preferred income and sinking fund debentures, which have been deposited with

it in exchange for bonds secured thereby, at the meeting of the debenture holders to be held immediately thereafter on the same day.

New Haven

Judge Braley of the Supreme Court at Boston, last Tuesday granted an injunction restraining certain past and present Directors of the company from transferring stock of the company held by them pending the decision of the full bench of the Supreme Court on the question of appointing a master or receiver to prosecute a suit brought by minority stockholders seeking restitution of \$102,000,000 alleged to have been wasted by the management of the company.

Pennsylvania

The number of stockholders who will participate in the Pennsylvania Railroad dividend to be paid on Aug. 31 is 90,358. Of these 43,586, or 48.24 per cent., are women.

Pere Marquette

The committee appointed last Spring to represent the holders of the equipment trust obligation of the company has arrived at an agreement with the receivers with respect to meeting these obligations, together with the interest and also with respect to setting aside a fund for the repair of the equipment. Columbia Trust Company, as depository, has received \$58,435 for the payment of interest, and hereafter, at the beginning of each month, the receivers will deposit \$57,833 with the trust company toward the payment of principal and interest of the equipment obligation. The receivers have further agreed to set aside \$65,000 a month for the repair of the road.

Southern Pacific

The final installment on the certificates issued by the Central Trust Company against the stock of the Southern Pacific Company, formerly held by the Union Pacific, but lodged with it as trustee, is due on Oct. 2. Announcement is made that any prior installment now compared may be adjusted any time on or before that date.

MINES AND METALS

NEW YORK.—Metals fluctuated irregularly during the week with definite downward movements in some that had been affected by the European war. Ferromanganese, for one, declined about \$50 a ton after cables from English manufacturers had been received which stated that fresh supplies would soon be forwarded to this country. The alloy sold at \$100, as compared with sales reported at \$150 a ton in the preceding week. Tin was quoted on Friday at 45 cents a pound, against a high price of 65 cents a few days before. Copper remained practically stationary around 12½ cents a pound. In the steel market further advances of quotations were reported.

Anaconda

The company has stopped work on the Nettie mine and will again allow it to fill with water.

Arizona Copper Company

July production of the company was 3,300,000 pounds. Comparison follows:

	1914.	1913.	1912.	1911.
July	3,300,000	2,900,000	3,200,000	2,750,000
7 Months	23,524,000	20,800,000	22,770,000	20,063,000

Butte and London

The company has stopped work and shaft will be allowed to fill with water. The shaft can be easily unwatered when work is resumed.

East Butte

The smelter has completed its clean-up and has shut down. Only two shifts of pump men remain employed on the property.

Granby Consolidated

Directors have deferred the quarterly dividend of \$1.50 a share, due at this time.

DIVIDENDS DECLARED.

The following companies announced dividends last week:

STEAM RAILROADS.			
Company.	Rate.	Pay- able.	Closes.
Atl. C. Line.....	\$1.50	Q Sep. 10	Aug. 31
Chestnut Hill.....	1½	Q Sep. 4	Aug. 29
C. & N. W.....	1½	Q Oct. 1	*Sep. 1
C. & N. W. pt. 2	Q Oct. 1	*Sep. 1	

GOVERNMENT INFORMATION

We Specialize Upon News of Congressional and Executive Action in Washington Affecting Business Interests. Efficient—Reliable. Bureau of Corporate and Financial Information. (CHAS. E. KERN, Manager.) 701-2 Higgs Building, Washington, D. C.

Company	Rate.	Pay- able.	Closes.
D. & B.R. guar. 2	Q Aug. 20	Aug. 14	
Erie & Pitts.....	1½	Q Sep. 10	*Aug. 31
STREET RAILWAYS.			
Am. Railways.....	75c	Q Sep. 15	*Aug. 27
N. Ohio T. & L.....	1½	Q Sep. 15	*Aug. 31
N. Texas Elec.....	1½	Q Sep. 1	*Aug. 20
N. T. Elec. pt. 3	—	—	*Aug. 20
Terra Haute T. & L. pt.....	3	—	Aug. 22
BANK STOCK.			
Ch. Tr., Bklyn.....	1½	Q Sep. 1	*Aug. 30
INDUSTRIAL & MISCELLANEOUS.			
Am. Gas.....	1½	Q Sep. 1	*Aug. 19
Am. Pneu. Ser.	—	—	—
1st pt.....	\$1.75	—	Sep. 30
Am. Pneu. Ser.	—	—	Sep. 12
2d pt.....	75c	—	Sep. 30
Am. Tel. & C.....	1½	Q Sep. 1	*Aug. 31
Atlas Powder.....	1½	Q Sep. 10	Aug. 29

Company	Rate.	Pay- able.	Closes.
B. Union Gas.....	1½	Q Oct. 1	Sep. 12
Ch. Bklyn M. con. 8	Q Sep. 21	Sep. 8	
Ch. Bklyn M. con. 4	Ex. Sep. 21	Sep. 8	
Col. Power pt. 1½	Q Sep. 15	*Aug. 31	
C. G. E. L. & P. 1½	Q Oct. 1	*Sep. 19	
C. G. E. L. & P. pt. 3	—	Oct. 1	Sep. 19
Cont. Oil.....	3	Q Sep. 16	Aug. 27
C. Am. Sug. pt. 1½	Q Oct. 1	*Sep. 15	
F. M. & S. pt. 1	Q Sep. 15	*Aug. 22	
Gal.-Sig. Oil.....	3	Q Sep. 30	*Aug. 31
Gal.-Sig. O. pt. 2	Q Sep. 30	*Aug. 31	
Gen. Chem. pt. 1½	Q Oct. 1	*Sep. 17	
Har.-Walker R. ½	Q Sep. 1	*Aug. 20	
Laclede G. L. 1½	Q Sep. 15	*Sep. 1	
L. of W. Mill. 2	Q Sep. 1	*Aug. 22	
L. of W. M. pt. 1½	Q Sep. 1	*Aug. 22	
McA. Bros. pt. 3½	—	Sep. 1	*Aug. 31
Mackay Cos. pt. 1½	Q Oct. 1	*Sep. 9	
Mack. Cos. pt. 1	Q Oct. 1	*Sep. 9	
Mahoning Inv. 1	—	Sep. 1	*Aug. 25
M. Flow 1st pt. 1½	Q Sep. 1	*Aug. 18	
Nat. Transm.....	75c	Q Sep. 15	*Aug. 31

Company	Rate.	Pay- able.	Closes.
N. Y. A. Brake.....	1½	Q Sep. 25	*Sep. 3
N. Y. & Q. B. pt. 1	Q Sep. 1	*Aug. 31	
Ogilvie F. M. pt. 1½	Q Sep. 1	*Aug. 30	
Ohio Oil.....	\$1.25	Q Sep. 2	*Aug. 25
St. Oil (Cal.).....	2½	Q Sep. 15	*Aug. 29
St. Oil (N. J.).....	1½	Q Sep. 15	*Aug. 30
U. St. Yards.....	1½	Q Sep. 1	*Aug. 21
Un. Tank Line.....	2½	—	Sep. 25

*Holders of record; books do not close.

Wechsler & Mills,
Public Accountants and Auditors,
Efficiency Engineers,
Waynesboro, Pa. 42 Broadway, New York.
Telephone Broad 1254.

Condition of National Banks in Federal Reserve Districts

June 30, 1914

RESOURCES.	Boston, District No. 1. (441 Banks).	New York, District No. 2. (481 Banks).	Philadelphia, District No. 3. (756 Banks).	Cleveland, District No. 4. (769 Banks).	Richmond, District No. 5. (481 Banks).	Atlanta, District No. 6. (378 Banks).
Loans and discounts	\$523,392,419.65	\$1,416,309,008.96	\$628,597,815.88	\$629,340,323.27	\$358,826,321.59	\$232,545,147.10
Overdrafts	425,850.18	512,984.53	360,528.41	989,218.69	720,234.26	1,264,282.32
United States bonds to secure circulation	63,116,710.01	86,409,956.87	71,737,824.41	89,040,861.87	54,300,218.13	41,515,137.50
United States bonds to secure U. S. deposits	2,614,625.73	2,874,366.06	2,667,410.83	4,630,460.00	4,576,591.63	3,382,544.14
Other bonds to secure United States deposits	4,887,294.35	6,064,293.74	4,243,210.02	6,874,348.58	7,049,983.88	1,842,086.90
United States bonds on hand	90,700.00	7,148,500.00	252,590.18	552,703.50	393,280.00	217,500.00
Premiums on United States bonds	159,341.36	633,135.76	886,156.20	507,807.81	473,091.71	286,606.81
Bonds, securities, &c., (other than stocks)	98,595,137.48	276,097,850.54	209,762,605.19	133,311,674.74	31,375,304.45	13,153,391.92
Stocks	4,360,082.48	4,731,229.58	4,948,341.46	10,498,413.09	3,885,020.12	2,279,682.41
Banking house, furniture, and fixtures	20,033,474.91	37,165,810.48	29,907,729.52	40,995,169.91	19,905,373.44	13,744,828.20
Other real estate owned	1,509,406.49	5,787,047.32	3,833,746.36	6,296,835.51	1,761,012.55	1,600,063.72
Due from national banks (not reserve agents)	22,329,868.43	71,871,872.04	46,496,308.08	34,984,464.26	20,977,043.57	14,339,461.03
Due from State banks and bankers	9,838,472.30	39,995,718.18	18,266,096.28	11,877,949.58	8,500,008.23	9,153,207.78
Due from approved reserve agents	87,163,625.33	56,364,308.43	113,036,649.82	106,798,205.03	40,115,345.84	26,553,880.75
Checks and other cash items	3,637,903.79	8,661,551.82	8,654,367.68	3,314,747.87	3,146,315.17	2,085,653.14
Exchanges for Clearing House	19,109,529.98	195,359,057.07	21,109,215.65	11,428,808.34	10,051,022.71	3,371,461.43
Notes of other national banks	4,833,419.00	5,686,133.00	4,180,096.00	6,729,623.00	2,460,395.00	3,538,196.00
Fractional currency, nickels, and cents	318,353.80	364,483.58	477,417.49	403,004.45	280,481.17	228,978.14
Specie	46,496,829.10	307,908,827.30	59,599,311.28	60,770,724.53	23,619,232.99	14,828,899.68
Legal-tender notes	12,780,174.00	55,775,073.00	12,881,288.00	16,251,343.00	5,189,351.00	4,248,899.00
Five per cent. redemption fund	3,120,367.50	4,233,708.00	3,512,464.90	4,194,886.70	2,467,161.50	1,976,702.50
Due from Treasurer United States	1,357,219.50	2,618,182.63	510,077.05	699,595.24	99,296.69	117,432.20
Total	\$930,170,805.37	\$2,592,573,098.89	\$1,245,921,250.69	\$1,180,491,168.97	\$600,172,085.63	\$392,274,042.67
LIABILITIES.						
Capital stock paid in	99,636,700.00	166,758,080.00	93,005,365.00	122,452,500.00	65,747,310.00	50,578,500.00
Surplus fund	62,363,825.00	166,291,605.24	115,242,839.91	81,025,263.62	40,177,211.62	27,406,704.46
Undivided profits, less expenses and taxes	36,395,421.94	66,032,884.02	27,004,340.65	24,774,264.55	12,406,870.43	9,406,978.76
Reserved for taxes	1,083,136.84	2,275,298.51	160,527.05	590,105.13	246,997.10	276,739.96
National banknotes outstanding	62,288,697.50	82,914,005.00	70,692,099.00	87,693,840.00	53,600,832.50	40,996,422.50
State banknotes outstanding		21,349.00	5,884.00		460.00	
Due to other national banks	39,632,360.11	369,367,258.44	90,789,224.11	78,255,271.37	31,976,857.49	12,354,822.19
Due to State banks and bankers	7,395,225.04	137,503,171.46	18,169,662.37	32,174,058.96	16,932,950.39	13,565,110.98
Due to trust companies and savings banks	67,291,261.04	281,725,952.46	73,703,297.43	58,068,497.19	14,775,606.35	6,070,361.22
Due to approved reserve agents	11,940,234.90	6,781,002.32	15,604,013.09	3,460,281.55	1,787,434.93	856,542.97
Dividends unpaid	1,586,638.96	3,112,175.39	1,181,699.75	1,192,362.65	1,982,451.49	1,143,540.92
Individual deposits	526,906,620.84	1,283,639,864.70	730,188,247.77	666,093,628.49	322,786,002.96	211,685,437.34
United States deposits	4,394,175.83	7,993,969.14	3,867,068.45	5,117,281.31	9,683,747.17	3,640,730.58
Postal savings deposits	2,553,951.74	2,975,788.27	1,563,659.53	3,188,238.60	368,545.35	491,140.97
United States bonds borrowed	1,997,250.00	7,765,750.00	99,500.00	9,859,150.00	3,957,000.00	306,100.00
Other bonds borrowed	138,000.00	2,130,000.00	1,500.00	1,391,880.30	2,755,530.00	668,900.00
Notes and bills rediscounted	177,226.78	417,501.19	675,049.72	706,054.00	5,265,669.16	1,750,942.39
Bills payable	4,134,750.38	4,212,525.00	3,849,900.00	3,963,633.51	15,198,367.72	10,968,016.94
Liabilities other than those above stated	255,328.47	654,918.75	117,372.86	484,857.74	522,240.97	107,050.49
Total	\$930,170,805.37	\$2,592,573,098.89	\$1,245,921,250.69	\$1,180,491,168.97	\$600,172,085.63	\$392,274,042.67
RESOURCES.	Chicago, District No. 7. (958 Banks).	St. Louis, District No. 8. (457 Banks).	Minneapolis, District No. 9. (699 Banks).	Kansas City, District No. 10. (836 Banks).	Dallas, District No. 11. (740 Banks).	San Francisco, District No. 12. (518 Banks).
Loans and discounts	\$900,499,139.97	\$278,709,428.88	\$374,745,458.19	\$373,764,638.52	\$272,702,213.85	\$437,375,262.28
Overdrafts	2,812,663.42	1,069,247.92	1,232,302.38	1,863,642.10	2,497,279.50	1,717,077.29
United States bonds to secure circulation	90,304,100.00	47,767,380.00	31,974,940.00	47,379,480.00	45,712,110.00	64,919,197.02
United States bonds to secure U. S. deposits	7,846,798.98	3,680,630.83	3,486,500.00	4,525,140.00	2,739,600.00	5,093,505.00
Other bonds to secure United States deposits	7,339,542.75	2,638,336.43	4,244,513.09	4,482,841.10	1,134,488.21	5,680,697.48
United States bonds on hand	1,485,554.90	192,050.00	124,000.00	567,780.00	259,380.00	671,260.00
Premiums on United States bonds	323,413.84	143,952.95	103,931.12	116,238.31	118,391.68	304,487.08
Bonds, securities, &c., (other than stocks)	93,680,546.93	27,183,134.27	37,155,981.55	27,366,193.16	7,544,925.81	60,505,588.34
Stocks	2,399,176.55	1,361,463.96	480,748.13	3,188,007.63	1,127,532.35	3,548,033.43
Banking house, furniture, and fixtures	31,261,217.81	12,717,787.37	13,112,715.69	13,597,869.84	15,139,803.30	20,324,270.28
Other real estate owned	3,199,311.30	1,573,140.63	2,930,424.60	2,946,170.54	3,928,272.30	3,661,013.00
Due from national banks (not reserve agents)	80,858,619.81	32,632,417.62	19,775,359.26	30,993,118.22	17,912,665.12	28,553,130.14
Due from State banks and bankers	30,446,084.44	10,808,887.40	10,266,093.10	12,185,537.63	7,178,389.15	23,253,064.20
Due from approved reserve agents	89,110,886.72	25,919,119.28	60,043,090.87	65,661,748.05	38,495,235.58	67,703,851.34
Checks and other cash items	5,795,938.77	1,682,045.76	2,030,094.49	2,604,214.06	3,808,352.06	3,315,092.12
Exchanges for Clearing House	20,826,014.73	5,397,411.22	5,003,759.47	6,668,534.14	2,455,369.76	8,540,435.82
Notes of other national banks	6,719,996.00	2,455,982.00	2,564,606.00	3,837,908.00	3,550,765.00	3,090,569.00
Fractional currency, nickels, and cents	506,336.01	191,211.57	244,607.28	260,278.81	307,792.38	243,615.69
Specie	101,548,501.08	30,904,589.29	30,738,555.05	37,250,973.02	21,968,209.56	54,991,076.02
Legal-tender notes	43,032,525.00	8,921,704.00	6,251,114.00	6,672,014.00	4,319,449.00	1,342,887.00
Five per cent. redemption fund	4,368,661.09	2,223,998.90	1,561,062.00	2,333,551.13	2,241,303.00	3,239,696.50
Due from Treasurer United States	1,588,857.97	125,113.55	223,360.70	153,383.86	35,525.00	5,018.75
Total	\$1,525,953,888.07	\$497,799,033.83	\$608,293,216.97	\$648,419,262.12	\$455,177,052.61	\$798,078,827.78
LIABILITIES.						
Capital stock paid in	136,722,000.00	57,866,900.00	51,873,500.00	61,610,750.00	62,966,930.00	88,053,800.00
Surplus fund	74,500,660.78	24,913,022.42	27,670,997.01	30,820,613.37	31,129,429.66	41,369,648.71
Undivided profits, less expenses and taxes	26,710,408.95	8,184,356.04	11,472,252.92	12,818,877.22	13,300,844.00	19,524,220.78
Reserved for taxes	1,221,975.34	370,539.16	520,996.20	361,835.24	266,602.64	551,754.17
National banknotes outstanding	89,079,672.50	47,343,407.50	31,569,322.50	47,164,067.50	45,393,875.00	63,104,370.00
State banknotes outstanding						
Due to other national banks	186,137,660.48	62,616,588.39	28,575,693.86	58,630,734.47	21,817,525.03	37,647,918.31
Due to State banks and bankers	120,765,716.51	39,058,716.86	33,140,358.80	45,488,559.69	14,494,428.20	37,037,419.92
Due to trust companies and savings banks	41,253,252.22	7,127,295.02	7,298,564.34	11,627,000.64	3,811,675.45	36,857,073.24
Due to approved reserve agents	610,741.07	50,797.15	37,367.29	113,428.87	500,059.68	914,998.14
Dividends unpaid	2,607,832.40	949,383.08	1,065,579.19	881,388.89	1,193,444.65	1,746,525.64
Individual deposits	820,354,483.25	236,856,789.43	405,457,436.98	365,761,823.16	240,831,964.19	454,423,112.50
United States deposits	10,884,205.61	3,762,463.55	4,077,950.77	5,495,033.11	2,527,601.51	4,407,835.75
Postal savings deposits	2,676,249.34	1,009,889.81	2,403,287.38	2,274,517.32	616,756.00	3,717,943.20
United States bonds borrowed	6,242,850.00	3,071,740.00	458,000.00	116,000.00	565,000.00	23,000.00
Other bonds borrowed	271,415.00	313,500.00	24,000.00	147,081.87	88,900.00	1,094,983.32
Notes and bills rediscounted	514,307.93	526,831.62	371,975.51	608,018.90	1,611,853.04	811,096.97
Bills payable	4,899,975.92	3,666,800.40	2,235,103.95	4,458,208.75	13,829,306.05	6,353,812.64
Liabilities other than those above stated	500,480.77	120,013.40	40,830.27	41,323.12	230,857.51	439,314.49
Total	\$1,525,953,888.07	\$497,799,033.83	\$608,293,216.97	\$648,419,262.12	\$455,177,052.61	\$798,078,827.78

Note.—Does not include the four national banks which did not accept the provisions of the Federal Reserve act, nor the five banks in Hawaii and two banks in Alaska.

Crops

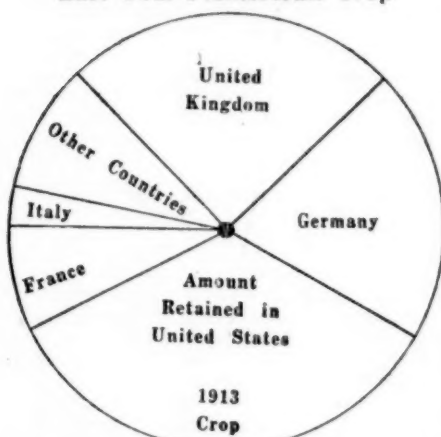
Cotton Trade That May Now Be Gained

It Is Possible That American Manufacturers, by Displacing Europe in Its Trade with the World, May Partly Offset Loss in Exports of Raw Cotton

THE situation in cotton is, perhaps, causing more concern in this country than any other single ramification of the European war. That is natural, since we export more than 60 per cent. of the production here and that mostly to the countries now entangled in the struggle. Raw cotton is the largest item in our export trade, and is the principal source of wealth in the Southern States, and therefore, with the crop practically made, the paralyzing of the trade will have a serious effect, not only upon business in that section, but upon the welfare of the entire country. The various geographic divisions of the United States are so closely connected financially, that anything adversely affecting one section must necessarily have a like effect upon other sections. So seriously is the situation regarded that Federal officials have called a conference of leading cotton and business interests, to be held at Washington today, for the purpose of formulating plans for the financing and disposition of the crop.

The situation is, however, not without certain favorable aspects. While it is not to be expected that the takings of the United Kingdom will reach anything like a normal figure, it is probable that she will take a fair portion of the crop. At pres-

Last Year's American Crop



—and where it went. The proportions are estimated from the Government's figures of exports for the ten months ended June 30, last.

ent it appears that we will be unable to sell any of it to Germany, and other European commitments are apt to be negligible. This loss may, however, be partially compensated in another way—by bidding for the trade with neutral countries that have hitherto been supplied by Europe.

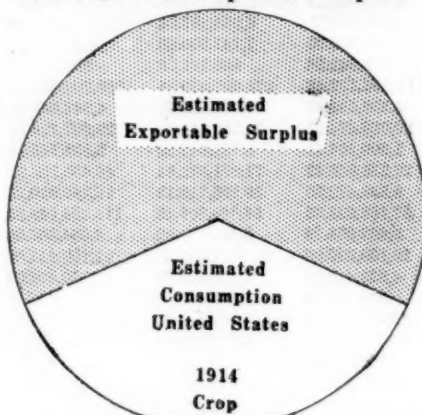
The exports of cotton manufactures of Germany alone in 1913 reached the enormous sum of \$97,591,500; and while much of this was with other countries engaged in the conflict, a very considerable proportion was with China, the South American republics, and other neutral countries. China's imports of cotton goods in 1912 amounted to nearly \$110,000,000, largely from Germany and the United Kingdom.

Japan, too, is likely greatly to increase its trade in cotton goods. Though confirmation is lacking, a report from St. Louis last week that Japan had ordered 2,000,000 bales of American cotton is not considered improbable; rather, if it can be obtained at an unusually low price in the

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United States, it is possible that she will take even more than that. At present, her spinning requirements approximate 1,500,000 bales, and in the year ended June 30, 1913, she took but 375,000 bales from this country, most of her supply coming from India, and, in the last few years, a small but increasing proportion of it from China. But, whenever cotton in this country is cheap, she has

This Year's Crop and Surplus



The area of the circle shows the comparative size of this year's crop, estimated from the latest report. Consumption in the United States is based on the assumption that it will be at the same rate as last year. Both actually and relatively the exportable surplus this year will be smaller, though only a sudden termination of the European war could make possible the exportation of all this surplus, even though it is smaller than in the preceding year.

always bought very heavily here. If the war continues, it is likely that Japan and this country will have little trouble in supplanting Germany in her trade in cotton goods with China. The cotton mills of Japan have sold to foreign customers this year a much greater quantity of yarns and fabrics than ever before. The export figures for the first four months of 1912, 1913, and 1914 are as follows:

Classification.	1912.	1913.	1914.
Yarn	\$6,476,000	\$12,213,000	\$15,929,000
Cloth	3,639,000	5,303,000	6,150,000
Towels	318,000	449,000	546,000
Underwear	803,000	969,000	1,143,000
Total	11,236,000	18,934,000	23,768,000

It seems, therefore, that though a continuation of the war will undoubtedly seriously curtail our exports of raw cotton to Europe, they may be increased elsewhere, though, of course, not sufficiently to offset the loss; but it is possible for American spinners, by displacing the warring nations in their trade with China and South America to increase so largely their takings as to overcome in some measure the direct loss in exports of the raw product.

REPORTS AND OPINIONS

Price Current

Harvesting of Spring wheat has been nearly completed and the yields are showing around the Government's indications. Fall plowing has been pushed quite vigorously in the dry area and some seeding of wheat is reported from Oklahoma, Eastern Missouri, and Southern Illinois. Some good rains fell in the dry area the past week in sections where the corn needed moisture.

Grain Receipts at Chicago

Primary receipts of wheat at Chicago from July 1 to Aug. 19 aggregate 79,907,000 bushels, or 15,019,000 bushels more than last year. Corn receipts since Nov. 1, 1913, are 189,560,000 bushels, against 206,433,000 bushels last season. Arrivals of oats since Aug. 1 are 21,945,000 bushels, against 13,990,000 bushels last year.

Canadian Crops

Report on conditions as of July 31 last shows that, measured by a standard of 100 representing the promises of a full crop, the average condition for the whole of Canada is returned for Fall wheat as 71.5, compared with 73 on June 30 and 77.7 on July 31, 1913; for Spring wheat at 77.4, against 86.3 last month, and 87.6 a year ago; for oats, as 77.9, against 87.3 last month, and 87.5 last year; for barley as 77.4, against 86.2 last month, and 87.5 last year, and for rye as 78.5, against 84.7 and 85.

The Chicago Grain Markets

Quotations on the Chicago market last week were as follows:

CHICAGO									
WHEAT									
	Sept.	High.	Low.	Dec.	High.	Low.	May.	High.	Low.
Aug. 17.....	89%	87%	85%	93%	1.02%	1.00%			
Aug. 18.....	91%	89%	1.00%	94%	1.07	1.02			
Aug. 19.....	96%	94%	1.02	1.00%	1.08%	1.07%			
Aug. 20.....	96%	93%	1.02%	99	1.08	1.05%			
Aug. 21.....	97%	94	1.02	99	1.08%	1.05%			
Aug. 22.....	99%	97%	1.04	1.02%	1.11	1.08%			
Week's range	99%	87%	1.04	93%	1.11	1.00%			
CORN									
	Sept.	High.	Low.	Dec.	High.	Low.	May.	High.	Low.
Aug. 17.....	78%	76%	68%	67	70%	68%			
Aug. 18.....	80%	78%	70%	68%	72	70%			
Aug. 19.....	80%	79%	71%	69%	72%	71			
Aug. 20.....	79%	78%	70%	69	71%	70%			
Aug. 21.....	79%	78%	70%	69	71%	70%			
Aug. 22.....	79%	79%	71	70%	72%	71%			
Week's range	80%	76%	71%	67	72%	68%			
OATS									
	Sept.	High.	Low.	Dec.	High.	Low.	May.	High.	Low.
Aug. 17.....	42%	40%	45%	43%	48%	46%			
Aug. 18.....	43%	42%	40%	45	49%	48			
Aug. 19.....	44%	43%	47%	46%	50	49%			
Aug. 20.....	44	43	46%	45%	49%	48%			
Aug. 21.....	44%	43%	47%	45%	49%	48%			
Aug. 22.....	45%	44%	47%	47%	50%	49%			
Week's range	45%	40%	47%	43%	50%	46%			

The Trend of Grain Prices

